

BRIGHTON FUSE²

Freelancers in the Creative Digital IT Economy



Brighton Fuse 2: Freelancers in the Creative Digital IT Economy

A Research and Development project funded by
the Arts and Humanities Research Council

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Executive Summary

An effect of the recession and subsequent signs of recovery has been a growth in self-employment over the last decade. This development has been interpreted in various ways. Many in the policy arena raise concerns that this is an economic illusion: that these many individuals represent displaced employment, possibly the residual that is left after the essential workforce is identified. It is suspected that the self-employed are keeping up appearances with occasional odd jobs, struggling by and would prefer the securities of a 'real job'.

The range of self-employed circumstances will cover a great many situations across the country and with contact points with various industries. These can only be fully understood through comprehensive research. This report enters the debate focusing on the self-employed- more commonly referred to as freelancers and contractors- in the Creative-Digital-IT industries in one its concentrated clusters in the city of Brighton and Hove. It has become clear that these are high-growth sectors and which tend to organise in specific places.

The report follows a previous study published last year, The Brighton Fuse, which developed a robust and rigorous set of data collection and analysis methods to examine the phenomenon of a creative-digital cluster from the bottom-up. The study showed systematically the impressive economic contribution and growth of Creative-Digital-IT firms, the networked ways in which they work, their extraordinary levels of innovation, and

the importance of fusion to their activities- that is the combined effects of Arts, Humanities and Design skillsets together with Science, Technology, Engineering and Mathematics. The Brighton Fuse showed that those firms with high levels of this effect- the superfused- enjoy business performance three times greater than those that specialise. These insights brought new subtleties to the knowledge and skills agenda, which can often be oversimplified on the need for more STEM graduates.

Beyond the firms in the first Brighton Fuse study it was apparent there was more happening below the surface in terms of trade and contracting in the cluster, in that an essential proportion of the new value was being created by individual freelancers. This report, Brighton Fuse 2, analyses their contribution and role, which has been hidden thus far. With any hidden population, data collection must be both pragmatic and creative and the research design draws on the memberships of various associations, coworking spaces and meetup groups in the city to build a sample of over 300 freelancers, a 25% response rate, with their motivations and behaviour researched through over 30 interviews and 2 focus groups.

The results show that the CDIT freelancers in Brighton are prosperous, and use a range of different business models in their work, many exploiting cutting-edge technologies. Moreover they diversify their offer, and promote themselves in different ways to different markets. This

professionalism belies the image of creative freelancers as less than business-like, favouring the products rather than the management process of their work. We find that their income derives not only from local and London clients, but also the rest of the UK and a substantial proportion from international markets. Like Brighton's CDIT firms, they display unusually high levels of innovation.

We find that few freelancers are 'forced' into this mode of work, but prefer it to regular employment, and intend to not only continue but to expand their freelance activities. Aspiration drives them whether to realise their personal business ideas, or to achieve more flexibility and autonomy in their lives. Many invest their time in side-projects alongside their freelance work, some of which are intended for future monetisation such as products, others are the individual equivalent of R&D, and still others are passion-projects, often for artistic or philanthropic purposes. Some simply find the autonomy of freelancing more convenient to manage family life. Only a small minority freelance through necessity, although many more do so to earn higher pay.

There are contradictions and puzzles arising from the research. We find for example that freelancers are still more superfused than the firms in the cluster, they similarly achieve more income with greater levels of fusion, and yet levels of growth do not match those of the superfused firms: on the contrary superfused freelancers grow less. The report considers possible explanations of this

variation of the individual agents of CDIT fusion, compared to its collective forms. We show also how they form and update these skillsets and compare the relative importance of universities, self-learning and on-the-job experience.

Also freelancers' relationship to place and to networks shows mixed signals. They are attracted to Brighton with its reputation for creativity and its amenities yet overwhelmingly work at home, and less so in the city's coworking spaces. They value their networks for sources of ideas as well as work, but few engage in networking such as meetups very regularly. Over half identify with neither the creative or digital communities, although we observe that the superfused identify with both. The dynamics of clustering for freelancers appear more complex than is sometimes assumed in theories of creativity and place, based on this evidence.

In spite of their general prosperity and levels of satisfaction and wellbeing, which we compare with national averages, freelancers face barriers and challenges in their working lives, regarding finance, the practice of freelancing, and skills acquisition. We argue that this mode of work is a positive phenomenon in the CDIT sectors, not a second-best to employment as is sometimes claimed, and we observe that there are aspects of law and policy that currently penalise freelancing. We offer policy recommendations aimed at facilitating and stimulating this growing and entrepreneurial category of self-employed workers.

Section One: Introduction

The Creative-Digital-IT (CDIT) industries are recognised drivers of growth in the modern economy with businesses producing revenues, employment and innovation at extraordinary rates. Yet alongside and inside this activity there is a less visible workforce variously named freelancers, contractors, consultants: the self-employed agents of creative-digital 'fusion'. This report highlights their contributions, stories and issues.

The first Brighton Fuse report in 2013 reported that the average firms worked with more than 7 freelancers, and coincidentally had 7 employees. Almost 80% of firms in the sample worked with freelancers. The managers of those firms referred to a range of services and supplementary skills that they provided. Content companies regularly crowdsourced ideas from a pool of freelancers, project-based digital agencies contracted them to manage projects, while marketing firms called on them to supply scarce contemporary know-how, such as in paid search in e-business. It was clear that these temporary workers delivered great value, yet it was value that was under the radar.

Growth of self-employment

Beyond the CDIT industries in Brighton, the numbers of freelancers in general are growing in the UK. Recent analysis by the Institute of Public Policy Research observed that self-employment growth was larger in the UK than in any other European country, in a nation that has not traditionally had large numbers of self-employed. Their numbers had grown by 8% in the year up to 2014 first quarter¹. National economists such as the Bank of England Monetary Policy Committee debate whether this increase is evidence of 'labour

market slack' that will reduce as conventional jobs become more available, but also note that *"part of the rise in self-employment appeared to be a continuation of a longer-term secular trend, rather than a cyclical response to a lack of other employment opportunities"*². Politicians and the TUC also have mixed views on whether this burgeoning freelance workforce represents an entrepreneurial uprise or underemployment, as especially older workers resort to occasional odd-jobs under the banner of self-employment.

TUC General Secretary **Frances O'Grady** has said: *"But these newly self-employed workers are not the budding entrepreneurs ministers like to talk about. Only a tiny fraction run their own businesses, while the vast majority work for themselves or another employer – often with fewer rights, less pay and no job security. While some choose to be self-employed, many people are forced into it because there is no alternative work. The lack of a stable income and poor job security often associated with self-employment makes it hard for people to pay their bills, arrange childcare, plan holidays or even buy or rent a home."*³

Academic research on freelancers' status

The academic literature on creative industries could shed light on these issues, but here also there is mixed evidence, and often with an underlying tone of gloom. Research refers to 'true' versus 'false' freelancers, who are really employees, or 'forced' freelancers who have no choice in their status⁴. Qualitative studies portray freelancers as seeing no positive connotations in their status as businesses and lack marketing

and commercial skills⁵ while success depended on doing what clients wanted “whatever it took” and having to adopt unusual working patterns to achieve this⁶. Other freelancers are reported to be viewed with suspicion, and kept at a psychological arms-length, even as contact was needed for information and to combat the loneliness of solitary freelance work⁷. There is significant literature presenting the status, prosperity and wellbeing of the self-employed in the creative industries in a negative light.

In spite of the more downbeat literature there is academic work that sees the self-employed career as positive for individuals, consistent with the idea of the ‘portfolio’ or ‘boundaryless’ career⁸. Freelancers gain life satisfaction from their autonomy⁹ and their work encourages innovation, in that firms often hire freelancers to do the most creative tasks. Arguments are made that far from substituting employees by another name, freelancers actually create employment and economic growth through providing these services that result in business success throughout the economy¹⁰. Interestingly, much of this more positive literature refers to broader types of freelancers, working across sectors and not only creative industries.

The difficulty with the literature on creative industries freelancers to date is that much of it is concerned with small samples in specific industries like independent television production or skills like copywriting. Prior research also has not addressed the fusion effect of digital technologies on the creative industries. While digitisation is seen as a threat to traditional employment relations in sectors such as film, and promoting a kind of ‘structured uncertainty’¹¹ the effects of introducing digital media marketing capabilities for example, or the distributive power of the web to creative industries freelancers has not been properly assessed.

The Brighton Fuse and this study

This study is funded by the Arts and Humanities Research Council and it follows-on from The Brighton Fuse report of 2013. That report was itself an investigation into a phenomenon heralded by the 2010 report *The Fuse*, by the Council for Industry and Higher Education, now National Council for Universities and Business. The Fuse argued that the separation of creative skills and talent from digital skills and technology was false. Yet at the time government classifications of the creative industries excluded IT-related services and software publishing, meaning that this creative-digital work and economic growth was under-accounted for. Similarly the agenda on industry skills gaps and higher education focused almost entirely on the need for more Science Technology Engineering and Mathematics (STEM) capability. This concern was based on observations of genuine weakness in these areas of knowledge and declining numbers of industry-ready graduates¹². However, too often the focus was one-sided, and misunderstood the role that Arts and Humanities skill sets play in combination with technical skills.

The Brighton Fuse project was tasked with researching and testing these ideas through empirical research. Brighton was chosen as a fertile ground, known for its vibrant web and media technology firm cluster but also for a well-established arts and culture scene, for instance playing host to several festivals, including the largest annual arts festival in England. The study, which surveyed over 500 businesses and interviewed 77 entrepreneurs, artists, academics and stake-holders yielded a number of remarkable results. Among other things, it showed the significant economic contribution of CDIT firms to the local economy in terms of revenues and employment, the entrepreneurial and collaborative

benefits of being in a city that attracts a large student and graduate population, but perhaps most interestingly the effects of CDIT fusion. The Brighton Fuse showed that there are three types of firm: the specialist 'unfused', the 'fused' and the 'superfused' cohort who are very highly dependent on the integration of arts and humanities and digital technology skills and ideas. But most important was the insight that the superfused firms were growing three times faster in turnover than the unfused. Creative-Digital fusion was not only an empirical fact, but was also associated with higher business performance.

There were several policy recommendations from the Brighton Fuse report that will not be repeated here, some of these have subsequently been addressed. The Department for Culture, Media and Sport has included the IT-related sectors in the revised creative industries classification, as the Brighton Fuse researchers added rigorous independent evidence to a vociferous industry debate. Wired Sussex created a new space and mentoring programme for resident microbusiness start-ups, the FuseBox, and the Deputy Prime Minister referred to the findings of the Brighton Fuse in a new £170m City Deal for Brighton and Hove. More recently Brighton has been selected as one of three cities to host Digital Catapult Centres, a new policy initiative emerging from Innovate UK to develop digital platforms and resources for large numbers of small firms to use and with which to innovate.

But an important area that appeared as a complex challenge was the skills agenda¹³. Part of this challenge was that The Brighton Fuse had revealed that superfused firms in particular had difficulty in recruiting talent. The qualitative research had shown that many firms often needed to dip into the freelancer pool for scarce skills that they would prefer to have in-house. This raises many puzzles

and questions about how freelancers acquire their skills, and their relative bargaining power, particularly considered against the rather negative picture portrayed in much of the policy debate and the literature. Conversely, questions had also been raised in this vein about the position of freelancers engaging with the firms in the first Brighton Fuse study- could it be the success enjoyed by this resilient cluster was at the expense of temporary workers, deprived of secure employment rights and benefits? For all these reasons it was decided to conduct a Brighton Fuse follow-up study, this time examining the freelancers in the Brighton & Hove CDIT cluster.

The report is structured as follows: the section following this introduction explains the methods, data, and provides an overview of the sample and the sectors in which freelancers operate. Section Three describes the business performance of the freelancers, and the business models they employ. Section Four discusses the phenomenon of CDIT fusion in the freelancers' case, which shows some interesting deviance from those of the firms. This section also examines further the skills and learning aspects. Section Five examines the motivations, lifestyles and wellbeing of freelancers, reporting on why they work in this way, and the challenges that they face. Section Six considers place of work, why and how freelancers work in Brighton, and where their business actually comes from. Finally Section Seven includes our conclusions and policy recommendations.

Section Two: Methods and Data Overview

Similarly to the original Brighton Fuse study, this project adopts a mixed method approach combining quantitative and qualitative types of data.

Quantitative data and analysis

The quantitative analysis is based on a survey of freelancers operating in the CDIT Brighton cluster that took place between July and September 2014.

The lack of an official registry for freelancers (equivalent or similar to Companies House for businesses) made it necessary to rely on existing local networks of freelance workers in order to build a sufficiently large contact list of freelancers. For this purpose, we drew on four sources of contacts: Wired Sussex (Brighton CDIT membership association and partner of the Fuse projects), The Farm (a networking group for web designers and developers), Brighton Illustrators Group (a group of freelancers working as illustrators), and the Skiff (a coworking space located in the Brighton Lanes).

All the contacts in these lists have been hand-checked in order to separate businesses from freelancers (since some of these networks are open to both), and to un-duplicate those freelancers who were members of more than one list. This process yielded a final list of 1,177 freelancers who were sent an invitation to participate in the survey.

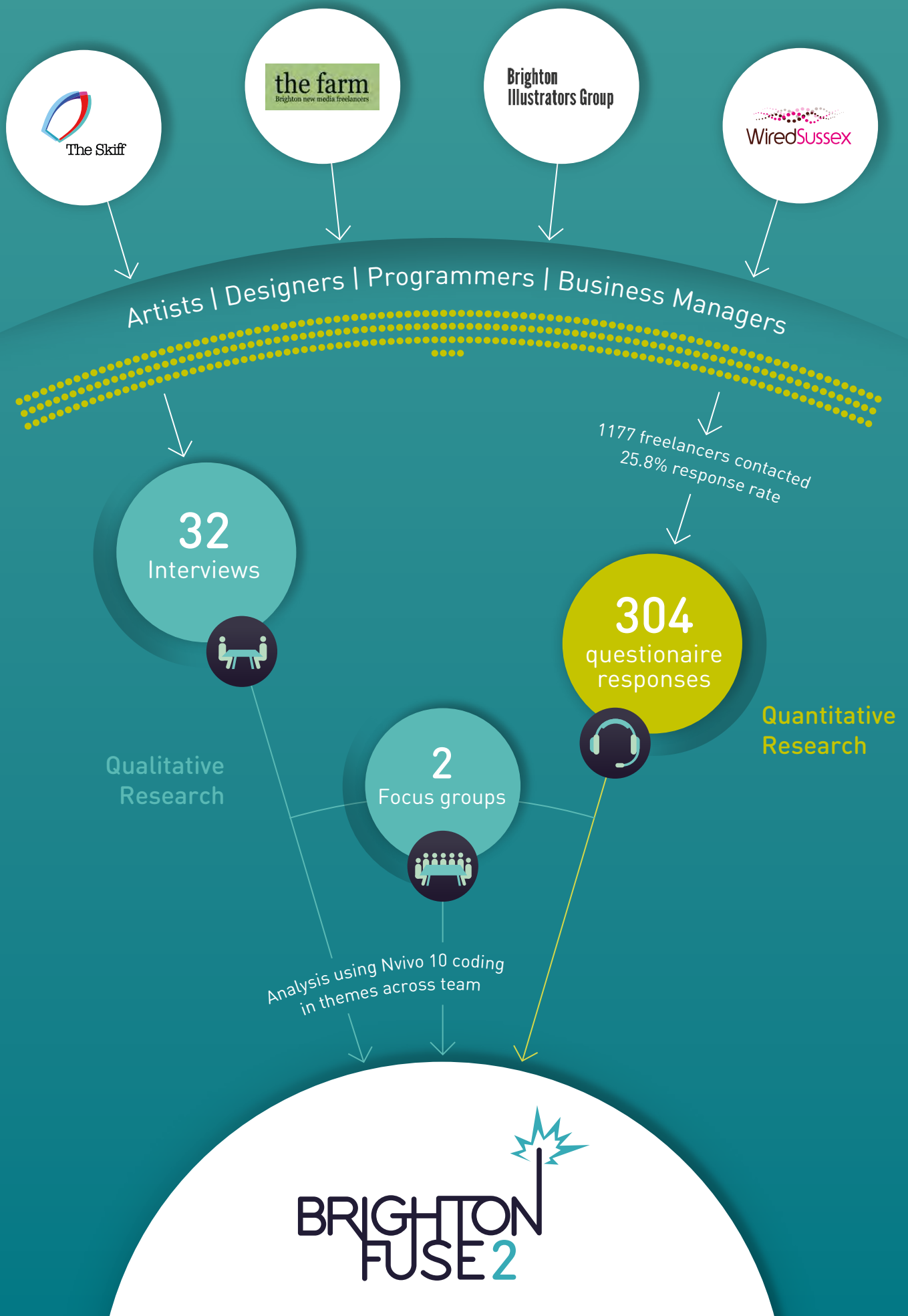
The questionnaire was designed to cover several themes, and included both *job-related questions* such as type of activities, business models, earnings, expertise, place of work, skills and networking, and more *personal ones* such as motivations, wellbeing, reasons for moving to

Brighton, and future plans. Some questionnaire sections closely mirror those developed for the past Brighton Fuse survey. The underlying intent was to enable comparability between the two studies and leverage some *ad hoc* measures developed and validated through the previous research project, such as creative-digital fusion. Other sections, such as those related to freelance activities and wellbeing embedded elements drawn from large-scale existing surveys conducted in the UK and in other European countries. Special attention was devoted to the formulation of initial screening questions aimed at ensuring that only freelancers fitting with the definition we adopted took part in the survey (see Box 2.1 for more details).

The questionnaire instrument was piloted both quantitatively and qualitatively. Firstly, it was submitted to a group of freelancers not based in Brighton. Then it was tested expansively during a focus group in which a number of freelancers based in Brighton were asked to read, respond, and review most of the questions. This 'cognitive testing' with people from the target respondents' peer group ensures that the phrasing and style of questions make sense for industry freelancers and not only to academic researchers.

The final questionnaire was administered both online, and by phone, obtaining 334 responses (28.4% response rate), and 304 complete responses (25.8% response rate).

Our data and methods



Box 2.1. Defining freelancers

One of the main methodological issues of this project has been to define who freelancers are, and to differentiate them from other employment categories.

In fact, there is not a unique and absolute definition of freelancers in the UK. Freelancers can work under different legal forms (e.g. sole traders, or sole director of their own limited business without employees). Our initial interviews indicated that in many cases the choice of a certain legal form does not even depend on the type of activity they carry out or on other economic considerations, but it is often merely suggested by accountants or required by clients.

Even the terminology used to define them assumes particular importance, since not all of them would call themselves 'freelancers', but rather use other terms like contractors, developers, consultants, commissioned, independent professional, or creative. Many of these variations are preferences of communities and sectors.

For all the above reasons we decided to follow the approach used by the Labour Force Survey (LFS), which is broad enough to encompass all the freelance categories we intended to

include in the study. The LFS definition is mixing legal forms –like sole trader– with other definitions that are not legal entities –like working for yourself. This approach is also used by the Association of Independent Professionals and the Self-Employed (IPSE, formerly PCG), and other academic scholars in the UK.¹⁴

More specifically, to screen our respondents, we asked whether they had worked in one of the following categories in the previous 12 months:

- Working for yourself / sole trader
- Working as a freelancer/contractor/consultant/independent professional
- Sole director of your own limited company (with no other employees)
- A partner in a professional practice
- Paid a salary or a wage by an employment agency
- Working under an umbrella company

We should point out that for simplicity the term freelancer is used throughout this report to describe all the above-mentioned categories of self-employed workers.

Qualitative data and analysis

The qualitative research consisted of 32 in-depth interviews and 2 focus groups. The interviews involved a heterogeneous range of respondents. We began by approaching freelancers working in different services, e.g. artists, designers, programmers, and consultants, and were aiming to achieve a balance in terms of gender, working experience and age. We followed procedures influenced by 'grounded theory' methods, such as selecting interviewees on the basis of emerging areas of interest throughout the project- so called 'theoretical sampling'. For example, we became aware of issues around side-projects and childcare, so actively sought out interviewees who could speak to those issues, as well as groups that we wanted to ensure were represented, such as people that had struggled with freelancing. Our growing contacts suggested suitable interviewees in a 'snowballing' method.

The majority of the themes covered during the interviews reflected the main topics included in the quantitative survey: types of freelancing work and business models; skills and services; place and networking; and motivations and barriers. The interviewers followed a pro forma in a semi-structured format in interviews that lasted between 1 and 2 hours and were recorded and transcribed. The qualitative interviews were used to understand the bare choices and facts reported in the questionnaire survey, getting a sense of freelancers' life choices and experiences.

Two focus groups were also organised and involved 6 to 7 freelancers each. The first one took place during the initial stage of the project, and was more exploratory. Its main aim was to refine the research themes, and to validate the questionnaire instrument. The second one was carried out at a final stage of the study and was used to discuss emerging results from the quantitative survey and the interviews, confirming their validity and opening up discussion on their implications.

Following transcription, both the interviews and the qualitative output of the focus group were coded in themes using the qualitative analysis software tool, Nvivo 10. Researchers coded quotations and observations within agreed themes: economic/business matters; fusion, skills and learning; life, motivations and barriers; place and networking; and policy matters. These were checked by other team members and used to illustrate and add depth to the findings of the survey.

The following subsection will give an overview of the data collected through the survey, while the following sections will analyse the quantitative and qualitative data around the four major empirical themes: business performance, fusion, life, and place.

Data overview

The sample data shows that 70.1% of the 304 respondents to the survey are male and 29.9% female. Only a minority of respondents were born in Brighton (8.2%) compared to 91.8% of freelancers who moved to the city from elsewhere. This highlights the importance of Brighton as a destination chosen for its attractive lifestyle, a theme that will be explored in Section Six.

Freelancers in Brighton are quite young; their average age is 41, while 36.5% of them are in their 30s, and 7% in their 20s. Nonetheless, they are very experienced professionals, since on average they have been working as freelancers for 9 years. However, about 20% of respondents are still early career freelancers having started working as self-employed 2 years ago or less.

For the majority of respondents freelancing is their main occupation, however we found significant variations in the working time devoted to this activity. A relatively small percentage of respondents work only occasionally as freelancers (less than 10% of their time), while 32% of them do freelance work more steadily, but still as a secondary occupation (between 10% and 49% of their time). However 46.4% are working primarily

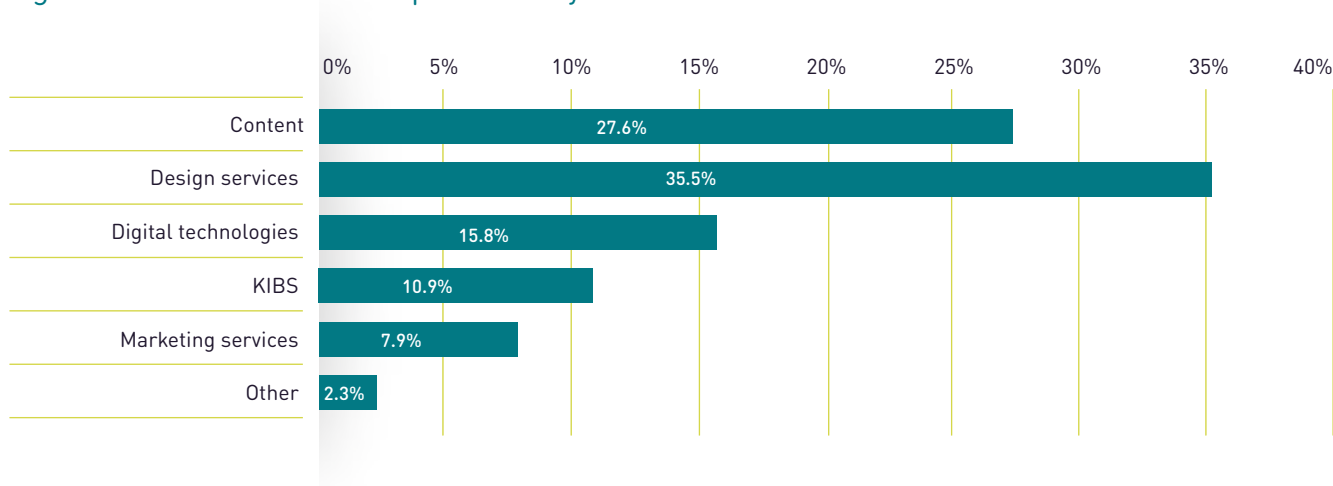
as freelancers (but not full-time), and the remaining 16.8% are working full-time.

Section Five will give more details on the range of activities carried out by our respondents outside their freelancing time.

In terms of working hours, on average the freelancers in our sample work 38.2 hours per week. This is in line with recent results from the Annual Survey of Hours and Earnings indicating that the average number of hours worked by full-time employees in the UK is 39.2¹⁵. However, if we only consider those who are working primarily or full-time as freelancers, the average hours per week are significantly higher, 41.9 and 42.7 respectively.

Brighton CDIT freelancers work in different sectors, which were classified according to content, design services, digital technologies, KIBS (knowledge-intensive business services), marketing services and others. This classification was based on a survey question in which freelancers were asked to briefly describe their activities and to choose one of the official Department of Culture, Media and Sport (DCMS) creative industries

Figure 2.1. Breakdown of respondents by sector



categories. These descriptions were then manually checked and triangulated with the official sectors chosen by the respondents.

Figure 2.1 shows the breakdown of respondents by sector. The majority of freelancers work in design services (35.5%), content (27.6%) and digital technologies (15.8%), followed by KIBS (10.9%), marketing services (7.9%) and others (2.3%). Content refers to freelancers producing varied material such as film, video, animations, music, photography, publishing, and video games. Design services include graphic arts design and web design and development. Digital technologies are the most technical, and involve programming and software development, web and IT solutions. KIBS are knowledge-intensive business services, e.g. business consultants, creative services, and professional services. Marketing services include advertising, branding and PR, and digital marketing such as social media. The 'other' category mostly includes artists producing artworks.

In terms of revenues, we found that the average income of freelancers in Brighton is £33,137 and the median income is £27,000 (this is the income earned by at least 50% of respondents). To account for the fact that our respondents vary in the time devoted to freelancing activities, we provided normalised FTE (Full-Time Equivalent) figures, a projection of their income as if they were working full-time. The projected average income FTE is £58,107, and the median is £42,857.

The above results show that freelancers in Brighton do earn well in comparison with the national average of both employees and freelancers. The annual median gross earnings of

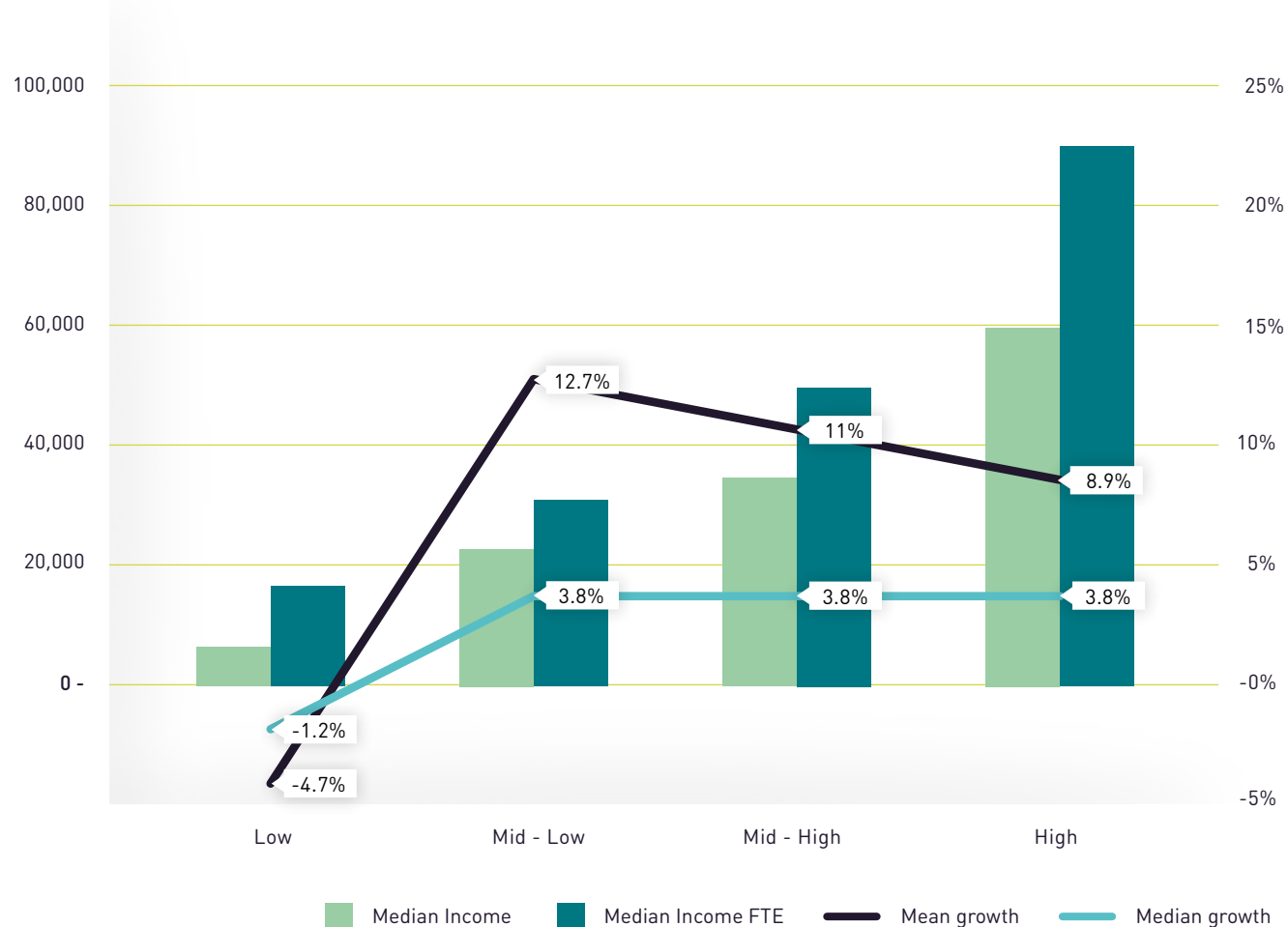
full-time employees in the UK in the year ending April 2013 was £27,000 (compared to freelancer's median income FTE of £42,857)¹⁶. Data on freelancers' earnings are more difficult to obtain. Figures released by Creative Skillset in 2010 show that the average annual income of freelancers in the creative sectors was £25,300¹⁷, which is well below the average in Brighton. However, we should consider that these figures refer to 2010 (the updated 2014 figures were not yet published when this study was carried out), and that Creative Skillset adopts a slightly different definition of freelancers (which for instance includes employees with contracts of 364 days or shorter), which makes comparing data difficult.

In terms of growth rate, we found that, the annual earnings of freelancers increased by 7.3% between 2012 and 2013 (with a median growth of 2.8%). This is lower than the average growth rate of 14.7% experienced by Brighton CDIT businesses (as reported by the first Brighton Fuse project), but it is still remarkable if we consider that the median growth of Brighton businesses was 3.8%, and that the average growth rate for full-time employees in the UK in the same period has been only 2.1%¹⁸.

Figure 2.2 shows the average growth rates by income groups. Freelancers on the lowest incomes experience a negative rate of growth, while those in the low to middle income bracket tend to grow significantly more (11-12.7%). However, over a certain threshold of income, the growth rates drop again to an average of 8.9%.

Despite their remarkable growth achievements, it seems that being individual professionals without employees, freelancers face a limit to growth.

Figure 2.2. Average growth rates by income groups



“Especially if you’re in service based industry, as I think most people in digital are, as a freelancer, there’s a limit to how many hours you can work, although freelancers try and stretch it as far as they can, so actually there is a limit on how much you can grow, so if you’re working all hours in the day, you... there’s limited growth there for you unless you decide to start taking people on.”

(Focus group, 24/10/2014).

Box 2.2. Gender pay gap among Brighton's freelancers

Our survey data analysis uncovered a significant difference in income and FTE income between men and women. On average, women earn less than men, with £25,481 per year against the £36,470 earned by men. The differences are even more remarkable if we look at the FTE projections: £40,389 for women and £65,822 for men. The median income further highlights this difference as the median income for men is £30,000 and for women only £23,000. This means that at least 50% of women earn less than £23,000.

These differences are reflected by growth rates. The average growth rate for men is 9.1%, while for women our survey unveiled an average growth rate of only 3.1%. This is

despite women working more than men in terms of percentage of time (primarily or full-time), and slightly lower, but still comparably, in terms of weekly hours (on average 36.3 hours for women compared to 39 hours for men).

We should note that these figures come as no surprise, since the fact that women experience lower average earnings than men is a more general phenomenon at national and international levels. However, this suggests that income and growth rate should not be the only measure of performance for freelancers. For this reason, other measures will be considered in this report, such as subjective wellbeing (aka happiness).

Section Three: Economic Performance, Business Models and Innovation

A key motivation for our study was to assess the economic condition of the CDIT freelancers in the cluster. This was partly aimed at revealing their hidden contribution, especially in relationship to firms who are often their clients. In this section, we describe the revenue profile of freelancers, the ways in which they generate work and income, and their innovation performance. We also discuss their marketing and promotional activities and suggest that far from being second-class employees, freelancers behave more like entrepreneurial firms/enterprises.

Revenues and sources of income

The analysis of revenues per sector shows that freelancers operating in KIBS achieve the highest revenue in the cluster, with a median income of £60,000 (while the median income calculated on the basis of full-time employment (FTE) is £77,778), followed by those operating in digital technologies with a median income of £40,000 (median income FTE of £52,381), and marketing services (£30,000 median income, and £45,000 median FTE). Freelancers providing design services or content are characterised by a lower income with design services accounting for £25,000 (median income FTE of £37,500) and content £25,000 (median income FTE of £36,447).

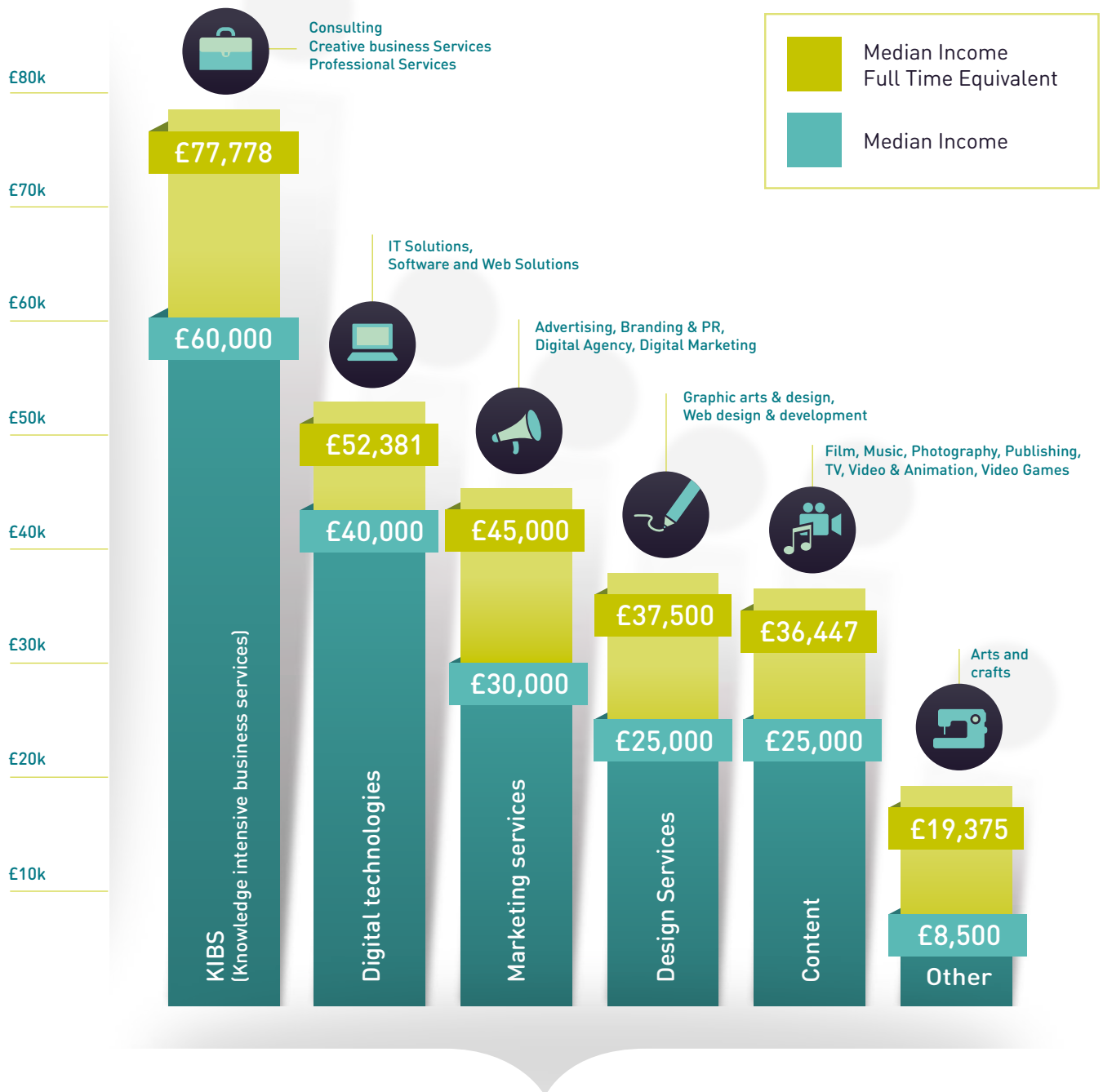
The growth rate across sectors varies with digital technologies displaying the highest growth rate (11.3%), followed by content (9.2%) and marketing services (6.9%). KIBS, the sector with the highest revenues per capita, only accounts for 1.2% growth rate. One interpretation of this is that there may be limits to growth as an individual providing knowledge-based services (KIBS), such as providing consultancy on projects. This type of

business is difficult to scale-up as an independent professional, while Digital Technologies may, for example, offer the opportunity to contract other freelancers more easily. The qualitative interviews provided evidence of many such programmers putting out work to other freelancers. Creatives also hire-in help from other freelancers, especially for technical knowhow. Those active in KIBS by contrast, would more likely reposition to run a new business and take on employees if trying to scale-up their business.

Types of revenues to freelancers are also revealing (see Figure 3.1). Services provided predominantly online appear to be particularly relevant (they are considered important by 62.5% of respondents), followed by services provided offline (54%) and commissions (30.6%). Compared to the firms in the first Brighton Fuse study the freelancers also appear to be service-dependent in their business models, yet they generate more through online rather than offline services. This may reflect the typically remote nature of freelance work, as we shall discuss more fully in Section Six.

Revenues by sector

Median income from self-employed activity can be misleading because people spend varying time on it.
So the chart also shows the sector average normalised as if it were full-time.



Source of revenues by region

Percentage of people who rated the following regions as 'important' sources of revenue

56.3% **66.1%** **31.9%** **24.7%**

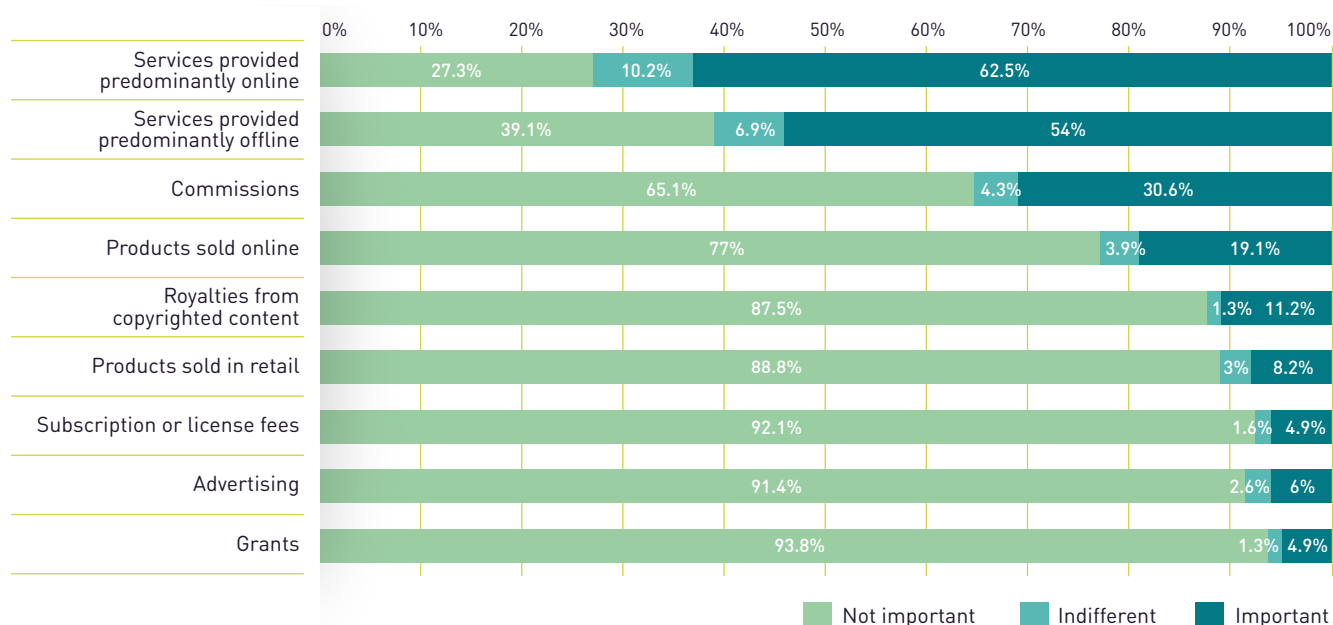
Local

London

Rest of UK

International

Figure 3.1. Types of revenue generation



Revenues generated through royalties from copyrighted content are considered an important type of revenue by only 11.2% of respondents. Freelancers, like firms, are low on monetisation of content through IP. However, where there are royalties, this is highly correlated with other types of revenue, indicating that royalties from IP are rarely the most important type of revenue, but they are often associated with other ones.

This is confirmed by the qualitative research which found many cases where freelancers aim to 'productise' their work, develop software or tools, for example, which could be sold as standardised packages and generate revenues through sales rather than through intensive work. Several interviewees reported working on side-projects with an expectation that one or two may bear fruit in terms of monetisable projects. For some this was the advantage of freelancing, in that one can organise time over the medium to long term to work on these side-projects without

the expectations attached to being an employee. Those that do not come to be realised projects are accepted as part of the freelance lifestyle.

"So there's those side projects which some people might consider hobbies, it's part of my business though, although it's not yet making any money."
 (Freelance programmer, interview, 08/08/2014)

"It's sort of the dream, isn't it, at the certain point because you think to yourself, well, if I'm selling my time, I only have a certain number of hours of productive time per week I can sell. It doesn't scale, and so certainly, as a programmer, I'm always sort of dreaming of the Silicon Valley dream of maybe I can produce something one day."
 (Focus group, 24/10/2014)

The dreams of productisation and monetisation are balanced by an awareness of the difficulties and pitfalls of these routes:

“The problem is that it’s quite hard to envisage ways of monetising. I mean, there’s lots of possible ways of monetising a new programming language and build a company around it, and all sorts of things, but at the same time there are a lot of problems with doing that.” (Freelance programmer, interview, 15/08/2014)

“A story that lots of agencies have and they think product businesses look amazing, we want to convert from being a service business to being a product business and most of the time it doesn’t work at all” (Freelance programmer, interview, 08/08/2014)

Diversification of revenue streams is a way of testing out some of these experimental products and services. We found that about one third of freelancers rely only on one type of revenue, for another third two types of revenues are important at the same time, and the remaining freelancers rely on three or more types of revenues simultaneously. Table 3.1 reports the average income and growth rates for the three groups of freelancers described above.

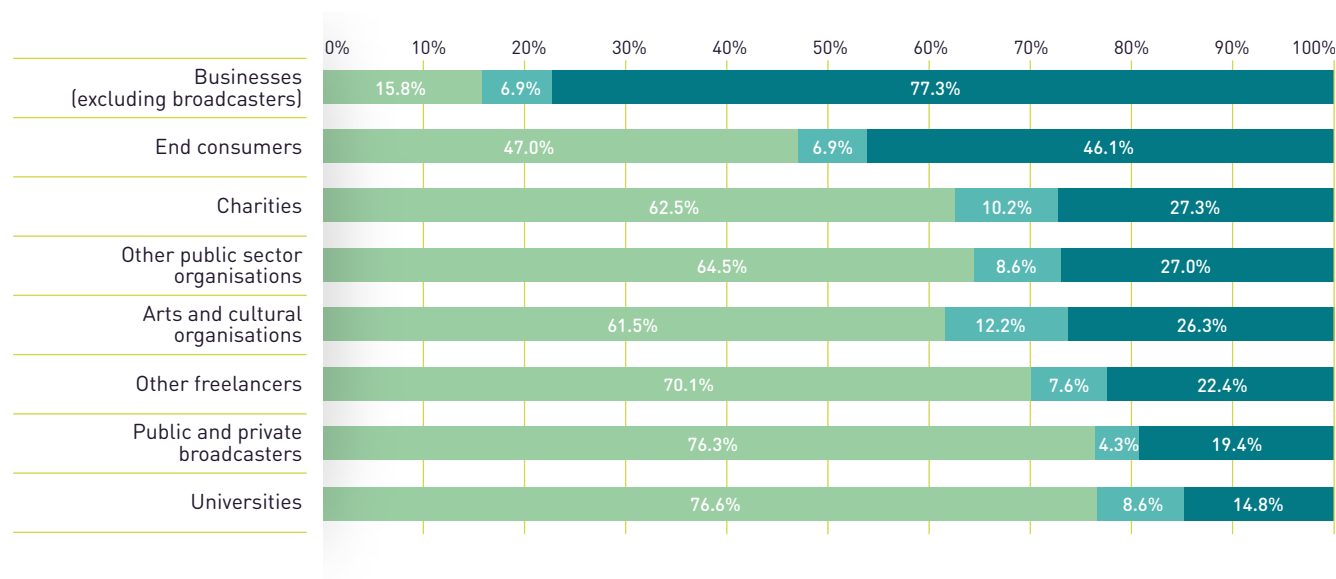
Table 3.1. Number of revenue types and income

| | Average Income | Average Income FTE | Average Growth Rate |
|---|-------------------|-----------------------|------------------------|
| Only one revenue type is important | 35,843 | 59,381 | 6.5% |
| Two revenue types are important | ↑ 37,528 | ↑ 66,467 | ↑ 13.2% |
| Three revenue types or more are important | ↓ 25,356 | ↓ 47,824 | ↓ 4.0% |

We observe that the freelancers with two important types of revenues have a higher income and growth rate than those relying on one type of revenue (with an impressive income growth rate of 13.2%), however, if freelancers stated that more than three types of revenue were important for them, their growth rate falls significantly to just 4.0%. This shows that freelancers do aim to differentiate their activities through additional revenue streams, often a route for productisation. Differentiation seems to be beneficial in terms of revenues and growth, but it becomes negative if they specialise in too many types of revenue. They encounter barriers and perhaps become spread too thinly as individual agents.

This result may also reflect the perception that freelancers do not necessarily benefit from being perceived as a ‘jack of all trades’, but rather their income and growth appears stronger from a limited number of focused revenue streams. For some sectors only one type of revenue is important, such as in KIBS (46.9%), while Marketing is more amenable to diversification as three or more revenue streams are most important (45.8%). Marketing is also one of the more ‘fused’ activities, where various skills have added and combined to a typical CDIT marketing offer, such as Search Engine Optimisation, paid search, social media campaigning, copywriting, video. The first Brighton Fuse project highlighted the emergence of a new sector category of sector, Digital Agencies, who provide all these services from a single organisation, and we find that some freelance individuals too present themselves to the market in this differentiated way and generate multiple revenue streams as result, even if the growth rate may be compromised as a result.

Figure 3.2. Types of clients



Types and location of clients

As shown in Figure 3.2, the most important types of client for freelancers are mostly businesses, excluding broadcasters (77.3%), followed by end consumers (46.1%). Other sources such as other freelancers, public and private broadcasters, charities, universities, arts and cultural organisations or other public sector organisations are less relevant in terms of sources of revenue.

For almost three quarters of the sample, two or more types of clients are important concurrently suggesting that freelancers appear to diversify in terms of their client-base in order to reduce risk.

"In a way, I don't want to repeat the mistake of relying on one or two big clients, I mean, as I say, I always knew it was a potential risk, so, you know, ideally I'd really want a, broader client base in future I think, just so you have that security, that if, okay, you lose one or two, you still have a few more." (Focus group participant, 24/10/2014)

"...most freelancers are juggling more than one thing. I go to extremes, some weeks I can work for 13 different clients, and that would send some of my friends mad, but that's how I keep things interesting." (Interview, 08/08/2014)

In terms of location of clients, London is the most significant source of revenue for Brighton freelancers, (which is considered important by 66.1% of respondents) while local clients are slightly less important (56.3%). Interestingly, international clients are an important source of revenues for 24.7% respondents. We may expect this to be the case since online work appears to be the strongest revenue type. The advantage of online remote work is that it can be done anywhere and if freelancing, it may be done where the freelancer chooses to live. However, this is an important result for Brighton freelancers indicating that they are able to achieve a good international reputation, and that their services are well regarded even outside the UK.

These results are broadly similar to the first Brighton Fuse firm study, in which 56% of firms indicated that London was the most important source of revenue. The London and local markets are still more important for freelancers.

Business models and value

Despite their predominantly service-orientation, freelancers engage with their clients in a number of different ways, and across the sample there is a variety of contractual behaviours. The majority of the sample (74.3%) tends to work with the same clients all the time. This applies especially for those professionals who spend over 50% of their working time on freelancing and also for full-time freelancers. Working with the same clients all the time is more common in design services (82.4%) and digital technologies (83.3%).

This model of 'repeat business' with familiar clients is seen as a mixed blessing. While it removes uncertainty for the short-term and the need for active marketing some interviewees feel that *"it ends up being a lazy form of freelancing, in one sense, because you don't have to go out and find new clients"* (Freelance programmer, interview, 15/08/2014). There is also an element of risk in that one can become dependent on one or two client's specific needs and lose a general sense of what the market currently requires. This is a common mode for IT contractors, who typically work at a client's premises, and often for years at a time, which has prompted much of the concern about 'disguised employment' and tax rules to counter this, such as IR35.

Against these hazards a variation of repeat business is the retainer model, where freelancers are paid a regular fee to service a client as and when the need arises. This is seen as a preferable deal for freelancers because it recognises the value that they provide, rather than counting hours or pieces of work:

"Although there's a number on the invoice that says how many days it is I'm working, they're not sort of monitoring, we're not doing time sheets or looking at how many days it can be, it's more about what work I've done and is it valuable to have me continuing to be involved at the level I'm involved each month? And if it is, then that contract keeps going" (Freelance programmer, interview, 08/08/2014)

Freelancers who only work occasionally tend to charge clients a daily or hourly rate (85.7%) significantly more than their peers who freelance for more of their time. This may suggest they are in a stronger position to negotiate with scarce skills, or perhaps they need to fit their freelance days around other commitments.

For the KIBS category, e.g. business consultancy, it is more common to charge a daily or hourly rate (81.8%). Day rates are much preferred to fixed price projects by freelancers, and almost all complain of being 'burned' by projects that grossly underestimated the work and hours required. Learning from these experiences they seek to shift their business model from fixed price deliverables to day rates.

"Whereas if you're working directly for the [client] as a freelancer, I'm always on a day rate, and... if they change their mind and it takes longer, it doesn't mean I'm losing money; it means I've got six more months' work" (Interview, 15/08/2014).

The survey shows interesting results in terms of the ways in which freelancers set their rates when charging on a daily or hourly basis. Freelancers indicated that value-based pricing is highly relevant. For example, clients need to get the job done urgently, and consequently, what freelancers are charging is based on their contribution to deliver the client's project on time so the client can fulfil their contractual obligations. Some freelancers highlighted that relationships with

clients are most important in terms of their availability at short notice. Others highlighted the importance of familiarity with the client's internal systems and processes. This points to a relatively high bargaining power of freelancers when negotiating rates with clients.

"...but sometimes they have to pay more, and they have to make a loss on the freelancer they hired, because otherwise they don't meet their contractual commitments, because they don't have enough employees to deliver it, and so if you know that that's the way they operate, then as a freelancer, you can be much more clever with your rate". (Focus group, 24/10/2014).

Some freelancers referred to a status 'above the line', meaning having a set of skills, experiences and competences, which are in high demand. It is very important in order to secure higher rates and a more diverse project portfolio that they determine.

"There's sort of like a line of skills and competence and experience, and if you're above that line you're in high demand and you can do a range of different work... So if you're above that line, you've got that thing, whereas if you're below the line, in terms of your skills and experience, well, then, ... you're not going to be one of the people who are sought-after, and you are going to be better off getting a job, a permanent job." (Freelance programmer, interview, 15/08/2014).

The implications of being on either side of this line can either be severe or liberating for those who leave the status of conventional employment:

"If they did lose their job, you know, how well would they survive in the marketplace as a freelancer? So... obviously, there are some people who are above the line, but employed, and for those people, when they get made redundant, they suddenly

discover a world of opportunities and different jobs and interesting things to do." (Freelance programmer, interview, 15/08/2014).

Other freelancers stated that they set their rates according to their current schedule, for example charging a premium rate for projects during busy times when it is clear that some projects have to be turned down. There is a maxim shared by freelancers: 'If you're too busy, put up your rates'. At times, freelancers also accept work that may not be beneficial financially, but which contributes to their portfolio. Some freelancers indicated that they optimise their projected income to a specific figure, beyond which they would be charged more tax.

In terms of business models, this seems to suggest that freelancers are very diverse in the ways that they charge their clients. One reason for this is uncertainty over what rates should be, on the client side, but also on the supplier side, especially for new freelancers. Setting a daily or hourly rate seems difficult for freelancers as it is not clear what others are charging, since people tend not to talk about such matters, and there is a lack of established and published industry rates.¹⁹

"I think there's so little insight for freelancers into what people are charging. It's hard to find the information and I think that's a major stopper to people actually raising their rates. They have no idea where they sit comparatively".

(Focus group participant, 24/10/2014)

There is also a perception that freelance work is not properly valued, especially for the more creative work, as one illustrator and designer exclaimed on negotiating with clients:

"...and you were like, what are you on about? You wouldn't work a day for £40, so why are you asking me to? do you know what I mean? It's like people just don't... they have a lack of awareness of how long stuff takes and what it's worth. Creative stuff is always seen like a bit of a hobby rather than an actual job. Even my family feel that, 'when are you going to get a real job?' " (Freelance illustrator/designer, Interview, 06/11/2014)

Yet this problem is not restricted to creative, programmers too find that *"There just there isn't a natural understanding of what someone's worth as a freelancer."* (08/08/2014). Interviewees spoke about marketing and promoting yourself on the basis of the value you bring, rather than specific skills or piece work. Otherwise there can be a 'race to the bottom' in terms of pay especially considering online competition from lower-wage economies with skilled workers, such as India. Compared to employees, freelancers are argued to bring great value to an organisation, as an effect of their work:

"I hate to use the word resource, but you know, you're an effective alternative to an employee for a firm and the costs to that firm of them having an employee is massive and they can get near equal value from a freelancer, in some respects they get more value because it's a flexible resource. And so they should be sort of priced accordingly...But you see so much more opportunity for things that if the whole freelance community was exposed to it, it's like there's so much value that could be added to all these established businesses by freelancers that have the skills to do them." (Freelance programmer, interview, 08/08/2014).

The results also indicate that uncertainty over rates may also affect women disproportionately as rates are usually higher for technical areas in which women are underrepresented and due to a lack of transparency over rates, women are not aware that they are charging less. Some of the women interviewees felt that women in general instinctively undervalue their market worth.

These issues of value, awareness, and the practical implications in terms of business models and rate setting appear to be a problematic area for freelancers. It would appear that there is confusion on both the freelancer and client side that are regularly engaged in this economic activity, as well as a lack of awareness in the general public of the nature and contribution of freelance work.

Innovation

The results of the survey show that similar to the prior firms survey, freelancers innovate at a high level. The original Brighton Fuse report highlighted that most firms modified their production processes and ways of running a business (71%),

Table 3.2. Innovation activities

| Innovation activity | % of freelancers engaging in that activity |
|--|--|
| Improve the way you produce and supply products and services | 54.0% |
| Produce materials eligible for copyright | 48.7% |
| Develop new / improved products or services | 47.0% |
| Implement new or significantly changed business strategies | 41.5% |
| Develop new or significantly improved software | 20.4% |
| Register a trademark or an industrial design | 3.0% |

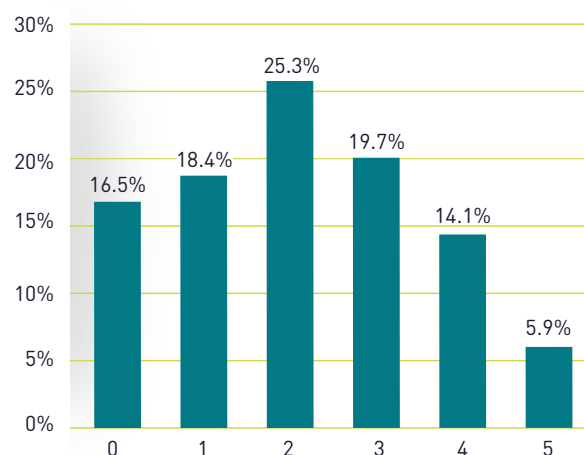
introduced new services (63.7%), trained their staff and changed their business models. More than half of respondents produced materials for copyright, but only 8% of firms generated revenues from royalties.

Specifically, we asked freelancers in our sample whether they engaged in one or more types of innovation activities from a list of six in the previous 12 months. The results are reported in Table 3.2. Freelancers innovated in improving products and services (47% launched new or improved products, and services, and 20.4% developed new or improved software) and also engaged in process innovation (54% improved the way in which they work, and 41.5% implemented new business strategies). This highlights that both product as well as process innovation are significant for freelancers in our sample.

Overall, 83.5% freelancers engaged in innovation activities, compared to 99% of firms highlighted in the original Brighton Fuse report. Considering their lower resources and opportunity this is strikingly impressive. Figure 3.3 shows the number of innovation activities carried out by freelancers: 18.4% of freelancers are engaging in one innovation activity, 25.3% engaged in two innovation activities, and some even in three or more types of innovative work. These figures show that freelancers are highly innovative.

If we compare these results with those related to the types of revenues we can observe that on average, 48.7% respondents said that they were producing material eligible for copyright, however, for only 11% of the sample, revenues from copyrighted content were important and only 3% of freelancers registered a trademark or an industrial design. This highlights the familiar discrepancy between value creation and value capture found in the findings of the first Brighton Fuse report, which stated that only 1% of firms applied for a patent and none registered a design.

Figure 3.3. Number of innovation activities



In terms of innovation activities, material eligible for copyright is particularly produced in content production (57.1%), marketing services (58.3%) and design services (55.6%). Digital technologies mostly developed new or significantly improved software (68.8%), while also contributing to new or improved products or services (43.8%). KIBS services mostly engaged in process innovations, e.g. improving the way in which products or services are supplied or produced (69.7%) and also contributed to new or improved products or services (48.5%). Marketing services both contributed to implementing new or significantly changed business strategies (66.7%) as well as contributing to new or improved products or services (66.7%).

This demonstrates that freelancers across all sectors engage in significant innovative work, usually including two or more innovation activities, and while they do product development, this is not of the Intellectual Property type, which they themselves would own. This may allude to the observation that many freelancers expected to only seriously promote their product ideas in a company structure, not expecting to be able to do this as sole-traders. Alternatively it may indicate an indifference to the copyright mode of business model. In addition to the scepticism about

defending infringements, Brighton developers have a noted enthusiasm for open source styles of code.

More experienced freelancers tend to produce most material eligible for copyright (51%), however are less likely to register a trademark or an industrial design (2.9%) compared to freelancers in their early careers (3.4%). The data also show that innovation is not related with experience or income. Interviews suggested that freelancers frequently get hired to do the innovative part of the work, in this sense, innovation is often outsourced to them.

Overall these figures demonstrate a high level of innovation similar to what was observed in firms in the first Brighton Fuse project. Similarly, also these are perhaps not radical innovations in the sense of new-to-the world knowledge and applications, but rather they are service-oriented, adjustments and enhancements to their offer to clients, or repackaging and repositioning. A key innovation type is learning a new skill, which is discussed more fully in Section Four.

“Q: Do you think that freelancers are innovative in that they test out new ideas, try new ideas?”

A: Yes, definitely, much more so than large businesses. I consistently find that when I get involved with work with any larger companies (...) they seem to be very much behind the times in what I would consider to be the latest trends. Whereas a freelancer has less responsibility, fewer people to look after, fewer concerns about money. I think you can just go off and do something and there is much less risk involved.” (Developer, interview, 25/09/2014)

Branding and promotion

Just like firms, freelancers tend to promote themselves and their work through a number of channels. This is contrary to some of the prior academic literature, which presents freelancers in the creative industries as lacking promotional skills and seeing it as a necessary evil. However, freelancers use mostly personal networks, referrals and word-of-mouth to promote themselves (87.8%), followed by websites and social media (58.9%), while much less so through advertising (14.5%). Personal networks, referrals and word-of mouth are very important for KIBS services (90.9%) and marketing services (95.8%), while websites and social media are also significant for content (67.9%) and design services (70.4%) in addition to personal networks. Both male and female freelancers promote their work mostly through personal networks. However, in addition to personal networks, female freelancers tend to promote themselves significantly more through other channels, in particular through their website, attending events, conferences and meetups, as well as using advertising and professional associations websites and job boards.

The majority of freelancers operate under a brand name (55.3%), the remaining 44.7% work using their own name. One fifth of those who have a brand even maintain a second brand (see Box 3.1). The more creative freelancers reported that they were getting far more work through social media such as Instagram and Facebook pages at this time, whereas the conventional website was much less important than before. An interesting implication of this is that Search Engine Optimisation becomes less important as a related marketing activity, as the rules of managed webs in social media rise in influence.

Box 3.1. Freelancers with multiple brands

One enterprising illustrator and designer we interviewed had success for some years but noticed that his style was becoming commonplace among his peers and sensed it was a time for a new offer. Rather than abandon his existing brand he created a second brand identity with a new name for himself and a more detailed illustrative, figurative style. The new website began to accumulate hits and work started to come in for the new persona. Over time he noticed that the level of demand declined for the old brand as he had anticipated, while interest in the new continued to grow. However both brands he maintained in parallel. This sometimes led to comical situations, such as one occasion when a major utility company called to commission publicity posters, then a short time later called again for the other brand. The double-branded freelancer attempted to change his voice to suit the second brand. The following morning the commissioning client called again, having realised what was happening but as our interviewee explained *"In the end, both of me got the two commissions."* This case illustrates the ingenuity and the willingness to experiment with branding and promotion among the city's freelancers.

Contracting other freelancers

Freelancers create employment for other freelancers as evidenced by 35.5% respondents who stated that they contracted other freelancers.

Those that do contract other freelancers achieve higher revenues, experience higher growth rates and have a higher workload compared to those that do not hire other freelancers (see Table 3.3). At this point, freelancers usually tend to consider becoming firms to deal with the limit to growth in terms of their available time as an individual. Contracting other freelancers is highest in marketing services (50%), followed by content (44.1%) and KIBS (42.4%).

"..it seems as if there's two modes of freelancing almost: one where it's something that you are building a business, that can build into a company and might then grow... and then you stop being a freelancer because you're now running a business, and whereas there's other forms of freelance where it's almost, it's not with the intention to grow, but it's just, it's the intention to be self-sustaining" (Focus group participant, 24/10/2014)

However, since freelancers commonly struggle with being paid on time, many of them do not wish to pass the uncertainty over payment on to other freelancers. Consequently, in some cases they ask their clients to directly contract the freelancers working for them.

Table 3.3. Comparison between freelancers contracting other freelancers and those who do not

| | Average years of experience | Average income | Average income FTE | Average growth rate | Average hours per week |
|---|-----------------------------|----------------|--------------------|---------------------|------------------------|
| They did not contract other freelancers | 9.0 | 29,809 | 53,958 | 5.1% | 35.3 |
| They contracted other freelancers | 9.1 | 38,969 | 65,377 | 11.3% | 43.4 |

The evidence of the survey and the qualitative research is that freelancers behave very much like firms in their approach to business, to innovation and in their professional activities such as marketing and contracting. As they gain experience, they learn quickly not to expose themselves to vulnerable relationships with client firms, and they use their network resources both for advice as well as to support and enhance their offer to the market. They are prosperous in terms of revenue, they diversify their sources of income in order to reduce risk and experience high rates of growth, but as individuals experience limits to this growth, which are partly explained by personal choice as we shall discuss more in Section Five on motivations. Freelancers also attempt to productise, however just as is the case for firms, freelancers do not generate much revenue through royalties from material eligible for copyright. In terms of business models, the survey found that freelancers have a relatively high bargaining power to set daily or hourly rates, especially for those freelancers that are perceived 'above the line', meaning offering a

set of skills and experience that is in high demand. We find much less evidence to support the negative views of the freelancer's conditions in the policy environment and in the academic literature. As economic agents these CDIT independent workers, at least are enjoying control of their productive activities and their ongoing destiny.

Freelancers are actively promoting themselves, mostly through personal networks, referrals and word-of-mouth, and some operate under different brand names. Just as firms, freelancers do innovate frequently and many freelancers engage in more than one innovative activity. Freelancers also create employment through contracting their peers, particularly those freelancers who generate the most revenue and experience high growth rates. The survey also indicated that a response to the limits to growth for freelancers may be to contract other freelancers in order to cope with additional demand, and ultimately consider setting up a company with employees.

Section Four: Fusion, Skills and Learning

Fusion

A key set of results from the first Brighton Fuse report highlighted the importance of 'creative-digital fusion' in firms, that is combining diverse skills and knowledge sets in thinking and work. The study showed that the sample could be divided into three cohorts: the first group was the specialists, which was called the *unfused*, the second was firms that to a degree combined technology with creative design in their work the *fused*, the third group was the *superfused*, who had self-identified strongly with these combined skillsets, and they were also found to spend time on a range of diverse activities, such as coding, design, and management, in addition to engaging in creative and digital communities more than the fused and unfused. While these results were surprising, especially for some sectors that were not especially known for interdisciplinarity, importantly the research showed that fusion was highly correlated with growth in revenues. Superfused firms grew at more than three times the rate of unfused firms, so the evidence suggested that the high growth sectors in the ascendancy were superfused, while the unfused specialists were more pedestrian. This appeared to give clues as to the rise and fall of industries and skills.

This raised interesting questions regarding the freelancer population. In a sense, the more interesting question about the 'fusion' effect was not 'why do firms need fusion?' but rather the opposite question: 'why does fusion need the firms?' The reason for this was that we observed that away from the co-ordination of projects in firms and in cross-community events like festivals, workers would tend to retreat to their distinctive communities. Artists would take part in Drawing Circuses and private viewings of exhibitions; coders

would go to the Farm pub meetup and bar camps at the Skiff; designers would frequent Maker Fairs and Data Visualisation meetups, while there were a number of networks serving interests in entrepreneurial business and leadership. Given the tendency to socialise with one's own community, it seemed that fusion did not happen automatically and people needed some management or co-ordination to facilitate it.

Given that fusion was a collective phenomenon and that individuals left to their own devices seem to revert to their own communities, this raises the question of how individual freelancers would behave with regard to fusion. Could we expect them to stick to a restricted skillset? During our research we would often hear the advice given to those aspiring to become freelance professionals to specialise, in order to have a credible offer and brand. Could we really expect individuals to be superfused? A cluster of polymaths, Renaissance Men and Women by the sea? Or would we see a cluster of deep specialists, ready to plug-in to skills gaps in firms and joining up with interdisciplinary teams?

The results of the freelancer survey show that freelancers are even more fused than firms, with almost half being 'superfused' at 46.7%, the 'fused' stand at 26.6%, the same proportion as freelancers in the 'unfused'. The fused and superfused form a 73.3% majority. This is both a surprising and unsurprising result, surprising because we were tending to think of fusion as a group construct, and suspected more specialisation in individuals; unsurprising because we know that there are large numbers of creatives among the sample, and we would expect for example, all graphic designers

Fusion in freelancers

What is fusion in CDIT?

Question: To what extent does your work combine ideas from creative design and technology?



Answer: hardly at all
UNFUSED



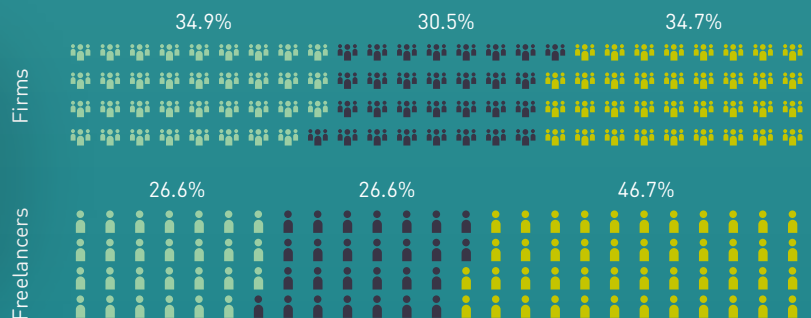
Answer: to some extent
FUSED



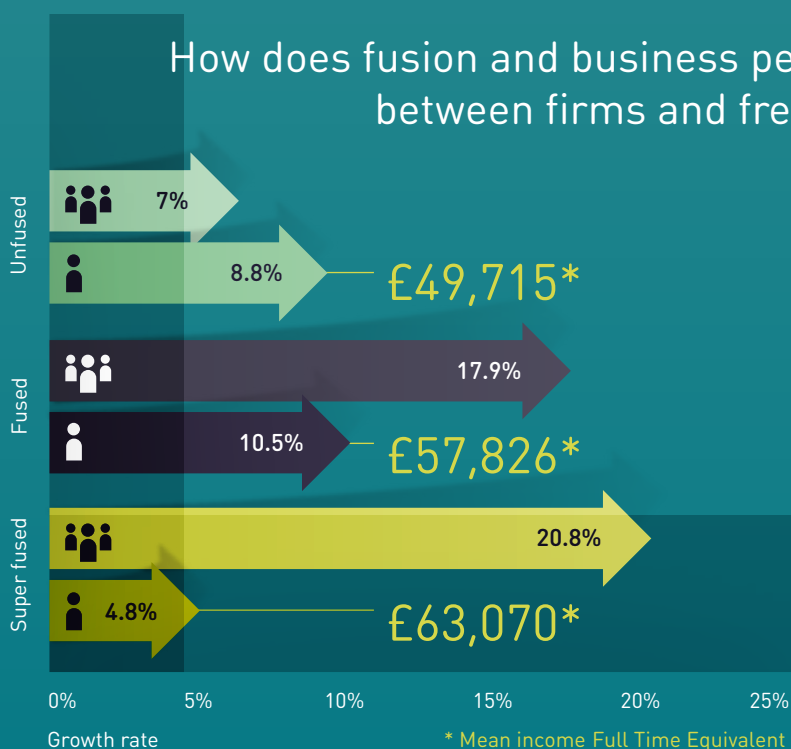
Answer: a lot
SUPERFUSED

How fused are freelancers vs firms?

46.7%
of freelancers are
SUPERFUSED
Compared to 34.7% of firms



How does fusion and business performance compare between firms and freelancers?



Fused and Superfused freelancers make more money than the unfused.

The Fused freelancers grow more, but Superfused grow less.

There are limits to individual economic growth for freelancers, unlike the firms in the Brighton cluster.

Key:



and illustrators to be using digital tools and distribution. Digital technology alters the creative process as well as the practitioner's thinking and practice in realising the final presentation or 'experience' of her content. Nevertheless we might have expected the firms' directors to have answered in a similar way for the same reasons.

The next question is whether the freelancers' higher levels of fusion have similar effects on growth as the firms. Would we see the same extraordinary growth rates associated with the superfused? The results showed that those freelancers that are 'fused' and 'superfused' earn on average more than 'unfused' freelancers, however unlike firms, freelancers in the 'fused' category experience significantly more growth (10.5%) than both the 'unfused' (8.8%) and the 'superfused' (4.8%). It seems that freelancers experience a barrier to growth when they reach superior levels of combined skills and knowledge sources. Unlike firms, where 'superfusion' is distributed across the team, freelancers experience highest growth when fusing only to a moderate degree.

Freelancers who work only occasionally display the highest degree of 'fusion' and are 'superfused' (64.3%), while full-time freelancers tend to be far more represented in the 'fused' (25.5%) and 'unfused' category (39.2%). It may be that superfused individuals are true high-performers, who only work on projects that interest them and may have other interests in their lives, with no desire or intention to grow their freelancing income. We discussed these results in our focus group and interviews with freelancers, some of whom explained that people with excellent levels of all the skills *"are like unicorns"*, and their superfused work tends not to be client-led:

"The people who I would regard as sort of very much on the edge of where creativity and technology meet, all tend to be doing quite bizarre projects off their own back, which potentially are very lucrative, that

they really want to do. So that may turn into, in the future, may turn into much better income for them." (Focus group, 24/11/2014)

These superfused 'unicorns' appear to be living the freelancer's dream of picking and choosing their work and retaining time for their own passion projects. As they are individuals, there are limits to the work they can bring in and deliver on, but also they are already at a high level of income, because superfused freelancers earn more than the fused, and the fused more than the unfused, and so there is less potential for growth from a high level.

Another interpretation may be the 'jack of all trades and master of none' maxim, as alluded to above. If freelancers present themselves as covering a range of different competences this may raise confusion and scepticism among clients and among their peers, especially from the programmer side:

"It's very difficult to sell yourself, saying, 'I'm a Jack of all trades programmer', because you tend to get just crap work out of it. It's difficult to get referrals as well, because people don't know which box to put you in, when you talk to them: 'oh yes, I do front end, back end, I do the whole thing, I do all the artwork', and who can I refer to you? Because, you're not an expert in anything, and I know in this room are expert designer, expert front end person, three experts back end..."

The ones who are most general tend to put your teeth on edge a bit, because it's like, I really want somebody just good at the thing we're advertising... and okay, you might be a lot brighter than me and be able to do two of these things really well, but can you really do seven or eight things really well? Probably not, so you end up tending to recommend people who are specialising." (Interview, 08/08/2014)

Interviewees also reported that this may be a client side problem, in that clients who want a 'one stop shop' contractor are usually the less experienced and sophisticated clients who are looking for a cheap deal and don't understand that a project may require multiple contractors. In any case it is unlikely that these jack of all trades freelancers figure in our superfused sample because of their high FTE income, and we expect the limits to growth to be through choice rather than the vagaries of lower-end work. The data also reveal that more experienced freelancers are 'superfused' (47.8%) compared to 42.4% of freelancers in their early careers. In spite of the reservations on growth we find that freelancers who are 'fused' or 'superfused' engage on average in most innovation activities.

The sectors with the highest degree of fusion ('superfused') are design services (56.5%) and digital technologies (50%), while content is mostly 'unfused' (39.3%). Marketing services are mostly 'fused' (45.8%), but not 'superfused' (33.3%).

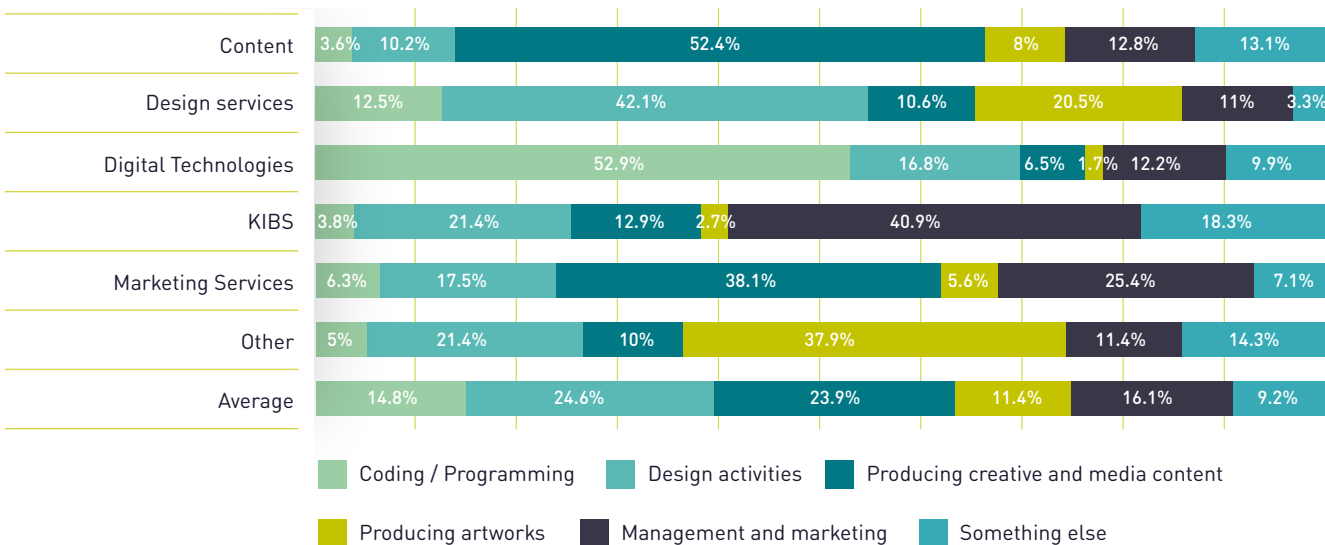
These categories of fusion are reflected by the kinds of activities conducted by freelancers (Figure 4.1). Of the total sample, most freelancers engage in design activities (24.6%) and in producing

creative and media content (23.9%), while also working on management & marketing (16.1%). Overall, less freelancers engage in coding and programming (14.8%) and even less in producing artworks (11.3%) or other activities (9.2%).

Particularly the marketing services sector, which is 'fused', combines a wide range of activities, e.g. coding and programming (6.3%), design activities (17.5%), producing creative and media content (38.1%), producing artworks (5.6%), management & marketing (25.4%) and other skills (7.1%). As in the first Brighton Fuse report, the survey found that freelancers operate in a similar manner to digital agencies, which combine different services such as search engine optimisation, paid search, social media campaigns etc.

Other sectors focused slightly more on the 'core' skills, e.g. content which saw over half of their activities in the production of creative and media content (52.4%), however the other half of their activities also involve, for example, management and marketing (12.8%) or design activities (10.2%). In digital technologies, the majority of activities are coding and programming (52.9%), but other skills were also highly relevant, such as design activities

Figure 4.1. Activities



(16.8%) or management & marketing (12.2%). The results suggest that a high degree of 'fusion' is required in order to succeed as a freelancer in CDIT.

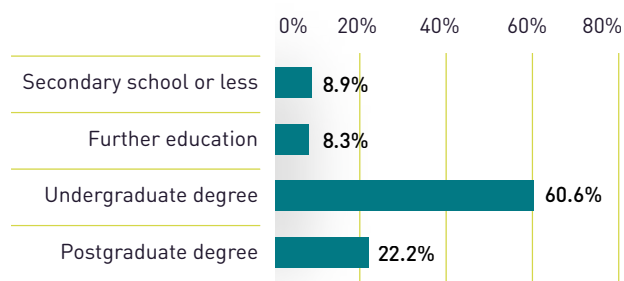
'Superfused' freelancers tend to make most revenues from services provided online, while for 'fused' freelancers, revenue from services provided offline is slightly more relevant, while a similar picture emerges for 'unfused' freelancers. For 'superfused' freelancers, other businesses are most significant in terms of sources of revenue, followed by end consumers.

It is interesting to note that the figures demonstrate a gender gap in terms of technological activities. Men engage significantly more in coding and programming (19.2%), while for women it is only 4.5%. Women tend to have an overall stronger presence in management & marketing (20.3%) compared to 14.3% of men. Women also tend to be more present in producing artworks (15.7%), while for men the figure is 9.5%. These results link to the fact that women earn overall less than their male counterparts, despite working more hours, as the digital technology sector overall tends to pay higher rates than other sectors, in which women are clearly underrepresented.

Education

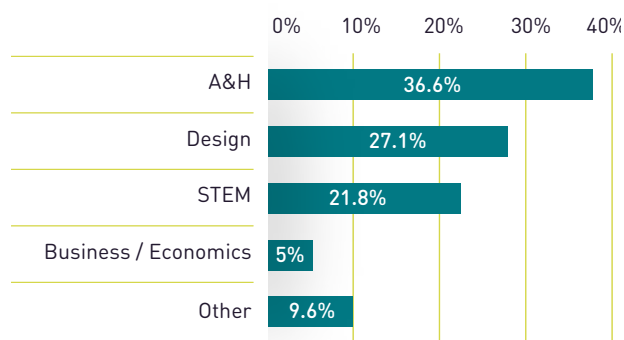
The Brighton freelancers are a highly educated workforce with the majority of the sample having completed an undergraduate degree (60.6%) and over a quarter of the sample (22.2%) completed a postgraduate degree. While for marketing services, a postgraduate degree is more represented (33.3%), this is significantly less so for design services (16.0%) or digital technologies (22.9%). These results emphasise that in some sectors such as design services or digital technologies, formal education may not necessarily offer the skills required or else those skills can be acquired more conveniently or cheaply elsewhere, e.g. on the job learning.

Figure 4.2 Level of education



As regard original university discipline, the largest group of freelancers in the sample have a degree in arts and humanities (36.6%), followed by design (27.1%), while STEM graduates (Science, Technology, Engineering & Math) constitute 21.8% of the total sample. Only a small minority of the sample studied a business and economics degree (5%). Men are far more likely to have a degree in a STEM subject (28.3%) compared to only 6.6% of women. Women are far more represented in Arts & Humanities subjects (53.8%).

Figure 4.3 Higher Education subjects



These figures are very similar to those reported in the first Brighton Fuse report on directors of businesses, in which 31.4% studied an arts and humanities subject, however interestingly, design graduates were significantly less represented than here among the freelancers (16.8%), while many more firms had graduates with business management and economics degrees (11%) compared to the freelancer sample.

Those freelancers holding a degree in higher education earn on average more. Freelancers with a postgraduate degree earn on average £33,697 (the projected income for full-time employees is £68,154), while those holding a secondary school degree or less earn £31,630 (projected income for a full-time employee of £ 52,684).

The qualitative interviews revealed ambiguity with regard to clients’ preferences on levels of education. One programmer said: *“Nobody ever asked for my qualifications. It’s so far in the past, compared to what I’ve done since. They want to know what projects you’ve done. To be a freelancer all you need is your first client, that’s it. Nothing else matters, if you can show value.”* (Interview, 20/08/2014).

Others however had said that frequently clients will ask for qualifications and “like a degree”, especially those outside the creative industries in mature sectors such as retail. This may be because degrees are ready criteria for determining levels of pay and are often used in larger organisations for this purpose. Their accreditation provides a level of

comfort with regard to quality assurance, in that the individual has proven an ability to sustain and complete short-term tasks within a long-term project. It also perhaps reflects the range of ‘learning outcomes’ from a degree course including social working skills within institutional constraints.

Sectors and skills

As we may expect with regard to sectors, content has the most arts & humanities graduates (59.5%), design services have more design graduates (51.8%) and digital technologies more STEM graduates (63.8%). Marketing services have graduates from the largest diversity of subjects, most of which have an arts & humanities degree (45.8%), but many also studied other subjects such as design (16.7%) or business and economics (16.7%). KIBS services have, similar to marketing services, a number of arts & humanities degrees (33.3%), while also graduates from other disciplines, such as business and economics (24.24%), but also design (12.1%) or STEM graduates (21.2%).

Figure 4.4. Education subjects by sector

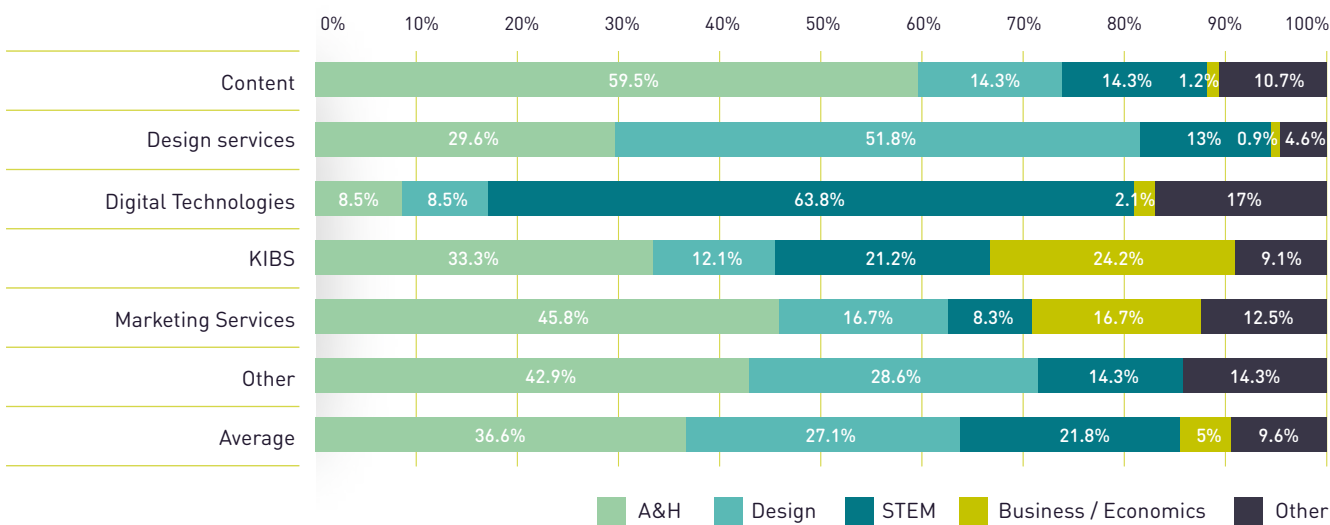
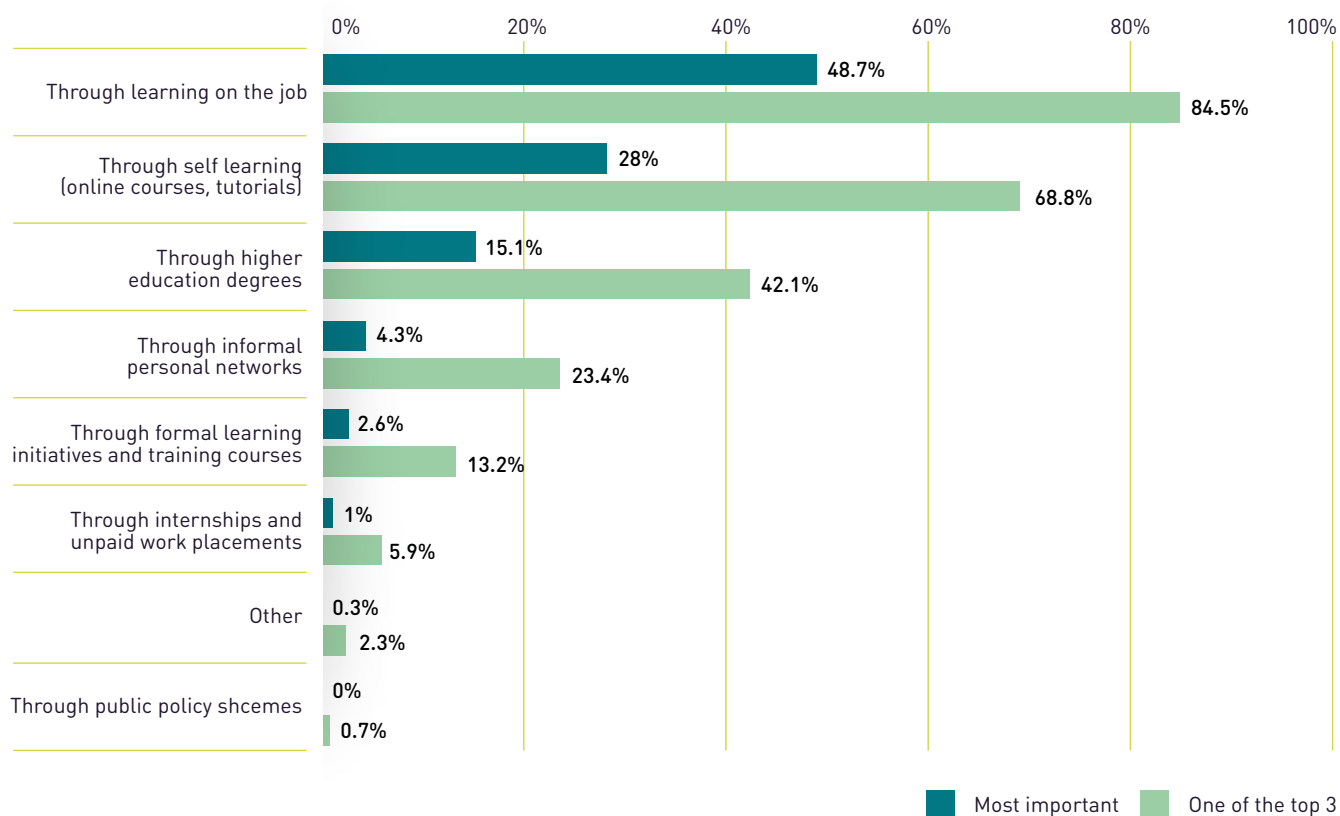


Figure 4.5. Skills acquisition



The results show that some sectors, especially marketing and KIBS services, benefit from a high degree of 'fusion' and interdisciplinarity in terms of formal education of freelancers. Freelancers who studied a business and economics subject experience higher growth rates (19.1%) than STEM subjects (13.2%) and significantly more than arts and humanities (8%) or design (4.5%).

Most freelancers have declared that technological expertise is an important source of competitive advantage for their activity (81.9%), followed by artistic and creative expertise (76.3%), and market expertise (70.4%). Managerial expertise seems less relevant (49%).

As highlighted in the first Brighton Fuse report, both arts and humanities as well as STEM graduates recognise the importance of both

technological and artistic expertise. The survey results confirm that this is also true for freelancers since most of them (62.8%) declared that both artistic and technical expertise are an important source of competitive advantage. As we would expect, this percentage is higher for 'fused' (64.2%) and 'superfused' freelancers (73.2%).

Figure 4.5 shows how freelancers acquire their skills. Despite the fact that the majority of the sample have completed an undergraduate degree and over a quarter of the sample completed a postgraduate degree, most freelancers highlight the importance of 'learning on the job' (with 48.7% of freelancers saying that this is the most important source of learning). This is followed by self-learning (e.g. online courses, tutorials) which is the most important source of learning for 28% of the sample, and higher education degree (15.1%).

For the digital technology sector, 'on the job learning' (41.7%) and 'self-learning' (47.9%) were most significant, while learning through a higher education degree (6.3%) and formal learning initiatives (2.1%) were far less relevant. For marketing services, learning through a higher education degree is more important (16.7%), as for KIBS services (21.1%). However, in all sectors, 'on the job learning' is most relevant. This is deemed one of the great advantages of freelancing, in that one gains experience of different working environments on projects with clients. One interviewee commented:

"But what I think a lot of freelancers or contractors get when they're moving around is they get to see the working processes here, and then they get to see the working processes there, and the technologies here and the ways the teams organise themselves... so they're actually getting a huge amount of experience of different approaches to doing things, compared to somebody working in one company who... you know, they get drilled in the company way and don't see that actually everyone else is doing something different. Whereas if you're hopping around, you soon pick up: oh, that's a good idea; that's a good idea; I'll pick that... I'll take that with; or that didn't work, or... So I think freelancers and contractors probably pick up a lot of sideways experience between different organisations that is very valuable." (Interview, 15/08/2014)

Through this 'sideways experience' freelancers gain an advantage over their less mobile counterparts in employment. This edge helps to deliver the most creative work on projects, which is often the *raison d'être* for freelancers.

Self-learning was reported as the second most important way to acquire skills. The possibilities for self-learning have been expanded hugely since the advent of the Internet. Websites such as Youtube and TED are repositories on an astounding range of learning topics on video covering sequential,

cumulative curricula as well as ad hoc problem-solving fixes. Step-by-step technical instructions are posted on sites such as Codestore and all manner of specialised forums and blogs that can be searched easily through google.

"The world is full of blogs and people telling you exactly how to solve all sorts of intricate, weird, obscure problems that you've never come across before. And, typically you come across an issue, and if you search for it in different kinds of ways, you find two or three different people who are suggesting different ways of doing it. And because of previous experience and confidence you've got some sort of test environment where you can play around a bit and try out different things and see what works and learn it and work out how to do it. And, again, because of the experience, and you understand what probably is the way to do it, and once you've got the solution you've got the confidence that, yes, that is the solution. And so in the IT world, you can do huge amounts of self-learning, and you don't need formal training processes." (Interview, 15/08/2014)

In spite of the primacy of learning on the job, and the ready repositories of online learning, we find the third most important source of knowledge and skills that freelancers draw on in their work is a higher education degree. Revealingly, 'superfused' freelancers find learning through higher education most important (20.4%), while those who are 'unfused' acquire skills mostly through 'learning on the job' (60.5%) and self-learning (24.7%). The importance of the degree also varies according to the age of the sample, without a linear pattern, but showing that 20-something freelancers value their degree the least and those in their 50s value it the highest. While the importance varies for the years in between, freelancers point out that while the university degree does not update skills on for example, the latest versions of Ruby or Illustrator, it has a longer-term role that is best understood with experience:

"I wonder how much of that is to do with the attitude of the actual purpose of higher education, because if you say that the purpose of higher education is to teach you how to learn, to teach you core thinking, core skills, then a lot of the appreciation of that doesn't necessarily happen until later in life." (Interview, 24/10/2014)

Continuous Professional Development in terms of formal training however means little to freelancers, whether delivered by universities or other training providers. Nevertheless, it is important to emphasise that continuous learning and the acquisition of skills and knowledge is vital for freelancers. This is evidenced by the fact that overall 58.6% of freelancers engaged in learning activities in the last 12 months. As one developer points out, learning is part of the job:

"...so there's always going to be something that you've got to learn. So, yes, I would argue that one of the real skills is to be able to project the sense that... and the fact that you can pick up new things." (Interview, 15/08/2014)

However, in some cases acquiring new skills is driven by client demand rather than a conscious decision:

"I was just going to say I think in my freelancing past where I've broadened skills, it's been guided by client demand, so there were a lot of places I freelance regularly, and I was there for a particular skill, and I was regularly asked can you do this as well, and I was asked it so much I realised there was a lot of work in that area so my broadening of skill is usually as a result of demand rather than it being a conscious decision." (Focus group, 24/10/2014)

Freelancers who invest more time in the acquisition of skills are typically younger with less professional experience. However, they experience substantially more growth (11.1%) compared to those who did

not engage as much in learning (1.8%), possibly resulting from a higher rate of innovation activities. Innovation through learning is seen as important in order to generate more income, but also frequently leads to productisation attempts.

Finally, freelancers working in digital technologies are most active in terms of learning (72.9%), due to rapid technical change: *"...technology's a moving target, you've got to keep moving with it,"* (Developer interview, 12/08/2014). Also 'superfused' and early career freelancers are the ones that engage in learning more than the average.

Barriers to learning

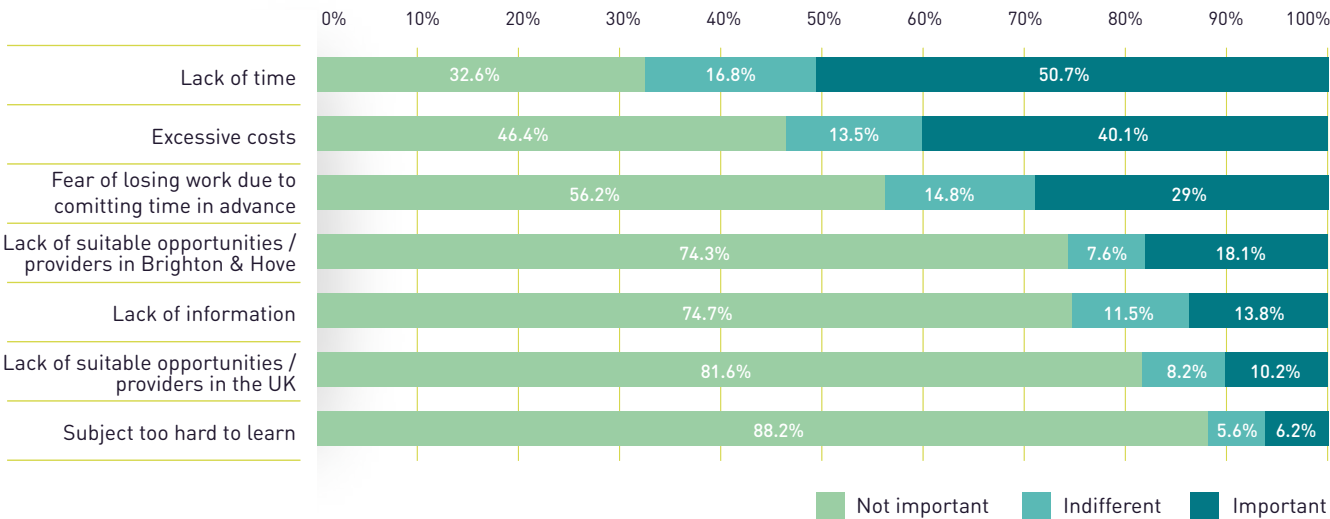
The most significant barriers to learning are lack of time (50.7%), excessive costs (40.1%) as well as fear of losing work due to committing time in advance (29%). A lack of suitable providers was not considered a decisive factor when considering ways of acquiring new skills, either in the Brighton and Hove area or nationally.

Full-time freelancers have the most difficulty finding time for updating their skills (56.9%), while for freelancers who work occasionally, excessive cost is most challenging (35.7%).

Women are disproportionately impacted by high costs (51.6%) compared to 35.2% of men, which is also reflected in women's lower incomes. Consequently, women are more concerned over losing work due to committing time to enhancing or updating skills (34.1%) compared to men (26.8%).

For the marketing services sector, excessive costs is the most significant barrier to learning (50%) followed by content (45.2%), while lack of time is cited as the most relevant barrier for marketing services (62.5%), digital technologies (58.3%) and design services (52.8%).

Figure 4.6. Barriers to learning



Those freelancers, for whom higher education was the most relevant source of learning, most frequently cited lack of time (58.7%) and committing time in advance (45.7%) as the most common concern. For those, who are mostly updating their skills through learning on the job, lack of time is the most significant barrier to learning (48%) as well as for those who learn through informal personal networks (69.2%). Both formal learning initiatives (50%) and self-learning courses (45.9%) appear to be excessively expensive for freelancers. However, frequently, clients offer the opportunity for freelancers to enhance their skills not only through on the job learning, but also through more formal training courses.

The data reveal that freelancers are even more fused than firms, and enjoy higher levels of income

the greater their fusion. However the superfused do grow less, perhaps through choice or the natural limits of individual work. The freelancer workforce is highly educated as evidenced by the proportion that has obtained higher education degrees. This provides a fundamental base of knowledge however freelancers are under constant pressure to constantly update and enhance their skills in order to fulfil market demand. This proves to be very challenging for most freelancers, especially since their time as individual professionals as well as their financial resources, are limited. For this reason, it is common that learning is done 'on the job' resulting from working on client's projects or even sponsored by clients. Self-learning too is increasingly important with the burgeoning resources of the Internet proving an efficient and effective channel.

Section Five: Freelancers' life. Motivations, Wellbeing and Challenges

The previous sections pictured freelancers as highly entrepreneurial individuals, able to achieve good results in terms of earnings and growth rates, in differentiating their revenues, in innovating and actively promoting themselves.

These accomplishments appear even more remarkable if we consider that freelancers are independent professionals working without the administrative and marketing support that firms can typically rely on. Although they tend to compare themselves with enterprises rather than identify as employees, the individual nature of their activities is their most prominent feature.

In light of this consideration, to capture what it really means to work as a freelancer in the CDIT sector in Brighton, we deemed it important to also consider factors transcending their mere economic performance, business models and self-promotion.

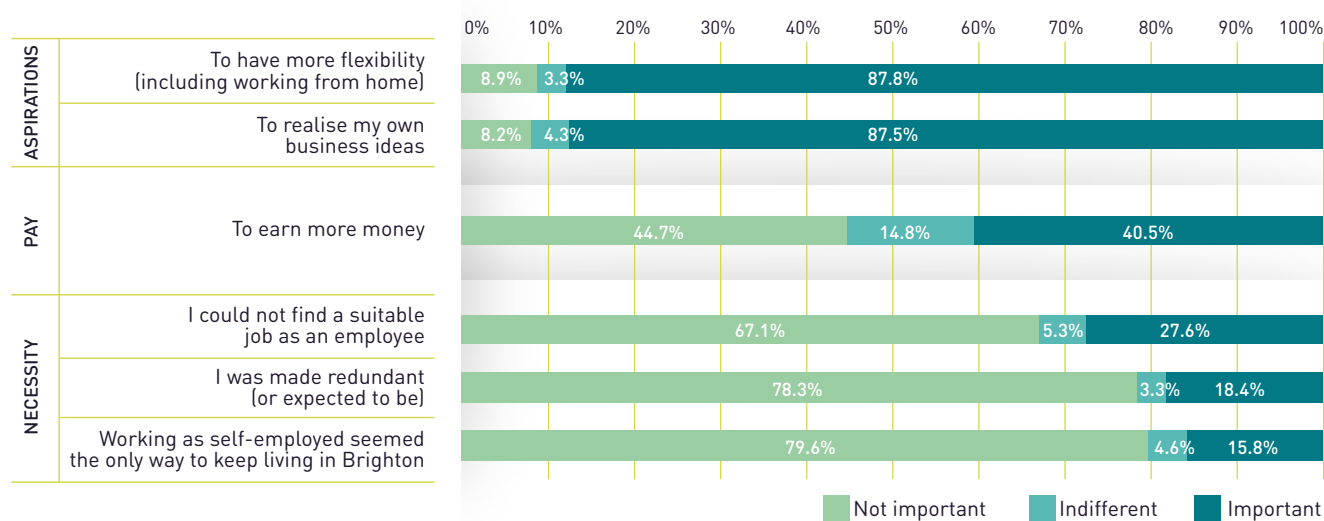
So, we focused also on their aspirations, work-life balance and wellbeing, in other words, on their life.

In this section, we will look at freelancers as individuals, highlighting their motivations, activities, wellbeing and key challenges. More generally, we will describe the factors driving their engagement in freelance work, from their inception to future plans.

Motivations

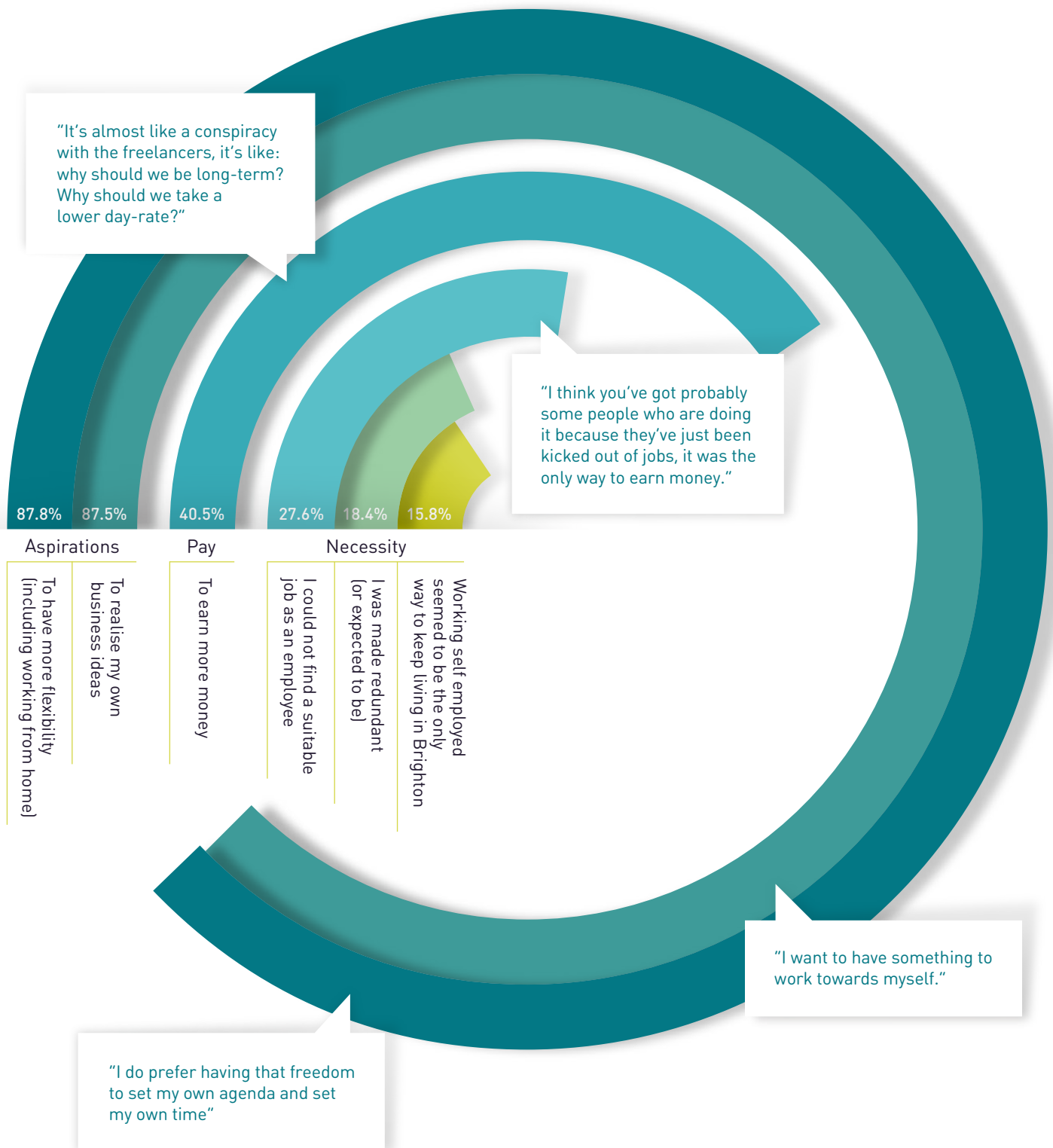
The first step towards understanding the life of a freelancer is by asking a simple, but key question: why did he become a freelancer? In our survey, respondents were asked to rate the importance of 6 potential reasons for becoming a freelancer, related to 3 broader groups of motives, i.e. aspirations, pay, necessity. Figure 5.1 shows the relative importance of each of these reasons in our respondents' view.

Figure 5.1. Reasons for becoming a freelancer



Reasons for freelancing

We asked why people are freelancing and the overwhelming response was reasons of aspiration, like realising personal business goals or lifestyle like flexibility, the next most important was better pay, with only a minority freelancing through necessity. Quotes are from our interviews and focus groups.



The fulfillment of personal aspirations seems to be by far the most prominent reason for engaging in freelancing activities. Having more flexibility and realising specific business ideas are deemed important motivations by about 87% of respondents. It is worth noting that in our operationalisation, aspirations refer to both personal and business-related aspects. The first aspirational factor is personal preferences for a certain lifestyle (e.g. flexibility, possibility to work from home). Notably, flexibility seems to be important not just to people freelancing as a secondary job, but especially to those doing it as a primary and full-time activity.

"I don't like the idea of just, kind of, clocking on and clocking off, I want to have something to work towards myself." (Interview, 04/11/2014)

"I'm more of a work to live person than live to work really." (Interview, 23/03/2014)

The second influencing factor is the willingness of doing business independently (pursuing their own ideas, business styles, being their own boss). Realising my business ideas is deemed a very important reason for engaging in freelancing irrespective of the domain of activity.²⁰

"I wasn't completely happy working for the company, I was there for seven years and I really didn't feel like I was progressing. I was in a department of two people, and yes, I didn't find my skills were developing and, you know, I didn't like the sort of, the kind of ethos of the company in some ways." (Interview, 11/04/2014)

"I think there might be a third category of freelancer, which is the category of freelancer like myself, who's sort of dreaming of doing something, and planning and working towards doing something new and big that might involve setting up a new company. So in one sense, my programming language, once it's done, that

might lead to something like a new company or something concrete in that sort of way, and then I'd stop doing freelancing. And so there's a sense that I'm seeing freelancing as a sort of route to somewhere, not... and as a temporary place to be, as it were." (Interview, 15/08/2014)

These two factors appear equally important to our respondents, suggesting that freelancing could be a way to achieve a better work-life-balance, and that being a freelancer is not a second best choice, but a deliberate decision.

Achieving independence and flexibility seem more important drivers of freelancing than earning more money. This doesn't mean, however, that freelancers do not wish to earn more. About 40% of respondents see earning more money as an important motive for becoming a freelancer. Also, the percentage of those declaring that financial aspirations were an important motivation for freelancing increases with their average income.

"I don't think we'd have ever bought a house if I hadn't been freelance, because the amount I was earning as a full-timer was nowhere near enough to save up the deposit." (Focus group, 24/10/2014)

"You've got to put a big deposit, and show a really good income for at least two years, which is what I did, I had a two year plan to get that, to get me positioned so that I could get a mortgage." (Interview, 12/08/2014)

The third group of freelancers identified motives which are categorised as necessity-driven. Interestingly, when asked to rank the reasons driving their decisions to become freelancers, our respondents tend to see necessity-related motives as only limitedly important. More specifically, just 27.6% of respondents said that they started freelancing because they couldn't find a suitable job; 18.4% because they were made redundant or they expected to be; and 15.8% because it was

the only way to stay in Brighton. Early-career freelancers attribute a higher importance to necessity-related reasons, although they perceive also the alternative explanatory reasons as more important than average, which suggests that early-career freelancers may have an overall higher motivation.

"I worked in digital for about eight or nine years. So I was working for a local Brighton company (...), and then I went freelance after that, after being made redundant, which is probably quite common. (...) I was trying to manage it and, you know, trying to sort it out, but when I was made redundant in the middle of that I thought, there's just no way I can go and get another full-time role, because even though I'm really capable, obviously you need to kind of build up that trust with employers through yourself. So I thought I wanted... and I was quite stressed out about that, so I hadn't even started looking for any other jobs and I thought I could go freelance so I could work from home (...) So I started putting my feelers out to just people I thought might know and a couple of projects came out that way; one from an old employer in Brighton and another which was a London-based project through a friend. And then in my notice period in

which I had to work, I just worked my butt off trying to find other projects and never looked back."
(Interview, 24/11/2014)

Finally, gender-related evidence about freelancing in our sample is mixed. Earning more money and being made redundant are more important to men, while not finding a suitable job, wanting to stay in Brighton, and flexibility are more important to women. However, flexibility reasons, thought of being naturally linked with having a family, quite surprisingly, are not more important to freelancers (men and women) who have children.

Activities

As previously pointed out, about 87% of our respondents deem flexibility an important reason for choosing this career path. Overall, only 16.8% work fulltime as a freelancer. Figures 5.2 and 5.3 show how they spend their (working) time, apart from their freelance work. More specifically, Figure 5.2 shows the average percentage of time spent on different activities, including freelancing, being an employee (in a CDIT firm, or in another sector), studying, working as a lecturer or researcher, running a business, doing voluntary

Figure 5.2. Average percentage of working time spent on different activities

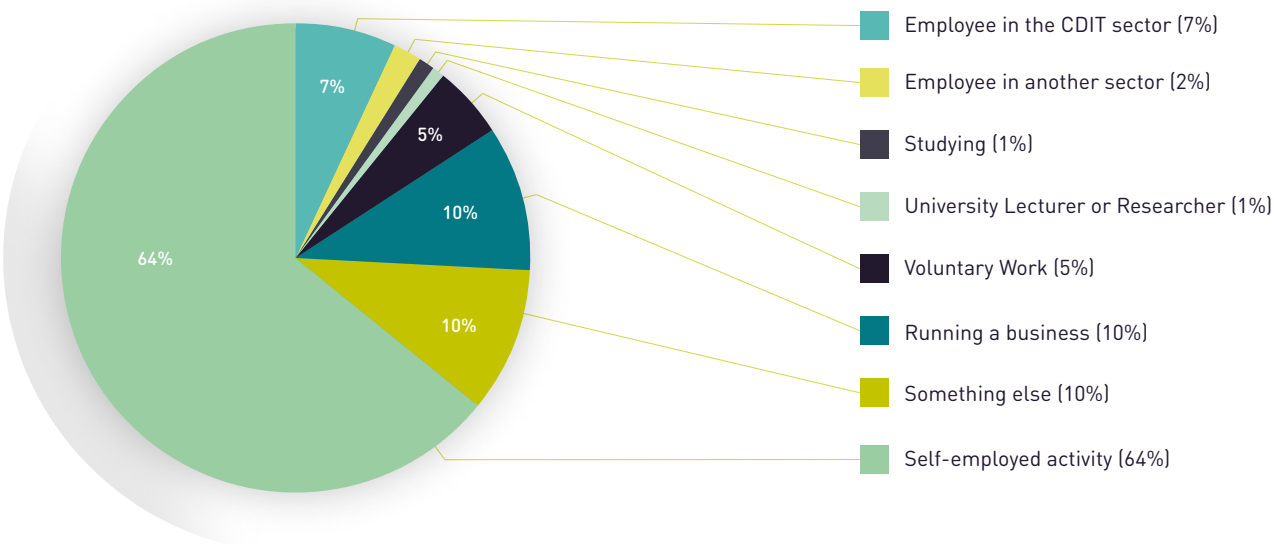
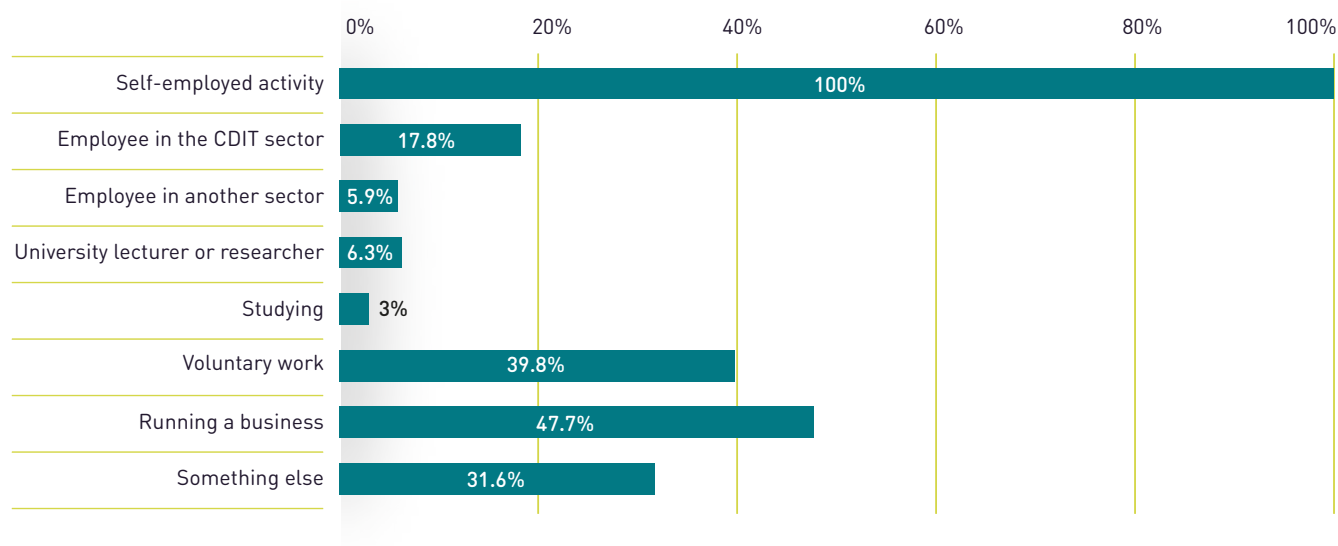


Figure 5.3. Percentage of people engaging in different activities in their working time



work or something else, while Figure 5.3 shows what percentage of our respondents are actually engaging in each of these activities.

100% of our respondents work as freelancers. However, they spend only about two thirds of their working time freelancing, while engaging in other activities for the rest. Surprisingly, only a limited percentage of this extra time is spent working as employees in the CDIT or another sectors. As indicated by Figure 5.3, 17.8% of respondents are also employees in a CDIT firm, and 5.9% in another sector, although the average percentage of time they spend on these activities is quite low (7% and 2% respectively). Other activities like being a student or a lecturer show an even lower percentage.

In contrast, activities such as running a business, voluntary work, and something else are carried out by a significant percentage of freelancers. Interestingly, almost 50% of our respondents conduct business development activities, to which they devote about 10% of their time. These activities often include the development of innovative side-projects. In some cases, such

projects are conducted in partnerships with other freelancers, and are used as ways to promote themselves or formally manage the relationship with their clients.

For instance, one established freelance web developer we interviewed has launched a creative project called Looptopia with two other freelancers. Looptopia is a multiplayer creative app, where thousands of users can collaborate online in real time (<http://loop.coop/>). It formed part of the Brighton Digital Festival events in 2014. The aim of this project is not to earn money, as pointed out at interview, but to create a platform where people can interact and further create audio-visual forms.

Almost 40% of freelancers are involved in voluntary or unpaid work, dedicating about 5% of their working time to it. The possibility of taking some time off work to engage in these altruistic activities is another side of freelancing that is hard to measure using approaches based on conventional economic incentives. It may be that freelancers are using their distinctive skills that they trade in working life, for these pro bono tasks.

Finally, about one third of our respondents devote part of their working time, about 10% on average, to other non-specified activities. When enquiring about such activities during the interviews, typical answers included childcare, caring for someone else, producing artworks, or working in a studio space. For instance a copywriter declared: *"A lot of people at the end, they take long breaks. I've decided to take some off to write a novel, for example."* (Interview, 06/05/2014).

"I just like having the flexibility of being able to work all day and night, so that you leave yourself free the next day to do something you really want to do, art work, or something."

(Interview, 11/04/2014).

"The last couple of years have actually been slightly different because I've had a son, who was born quite premature, and so he's needed some additional help. And so in the years previous to that, I'd built up a bit of stash of cash, ... so in my case now, for the last two years I've been turning away work in order that I can spend more time with [my son]." (Interview, 15/08/2014)

The types of activities freelancers engage in and the time they spend on them seem to vary according to their career stage, gender and family situation. For instance, early career freelancers conduct extra activities more often than the average, especially as concerns being an employee in the CDIT sector, doing voluntary work, and running a business. Conversely, female workers are busier working as self-employed and less engaged in other activities, except for voluntary

work. Finally, freelancers with kids are more often taking time off work to do 'something else' than the average, regardless of their gender.

In summary, freelancing emerges as both a lifestyle and a working-style choice. It seems to be a viable option to combine a fulfilling professional career with other aspirations, such as the personal, familial, altruistic, or artistic.

Wellbeing

Measuring freelancers' performance solely based on economic results (earnings, and growth rate) would be misleading and unfair. All the results highlighted above on motivations and range of activities seem to suggest that freelancing choice is so inherently related with personal or lifestyle preferences and aspirations, that focusing solely on economic factors, would just give a partial picture of their activities. In addition, doing this would discriminate against women who are earning less than men, with no apparent differences in their skills, capabilities, and expertise.

For these reasons, we decided to include another important measure of freelancers' success: their wellbeing, or more precisely, their subjective wellbeing (see Box 5.1 for more information)

Table 5.1 shows the average levels of satisfaction, worthwhileness, happiness and anxiety for our respondents. The results seem very positive. The average scores appear quite high for the first three measures and quite low for anxiety. Overall, Brighton's freelancers seem happy but perhaps a bit stressed and anxious.

Table 5.1. Average subjective wellbeing scores

| | Average score (on a scale of 0 to 10) |
|---|---|
| Overall, how satisfied are you with your life nowadays? | 7.5 |
| Overall, to what extent do you feel that the things you do in your life are worthwhile? | 7.7 |
| Overall, how happy did you feel yesterday? | 7.5 |
| Overall, how anxious did you feel yesterday? | 3.4 |

In general, these subjective wellbeing measures are higher (and lower for anxiety) for women, occasional workers, early careers, and for fused and superfused freelancers, with no significant differences by sector or other dimensions. It is worth noting that wellbeing does not seem to be correlated with income and income FTE, but we found a statistically significant correspondence between high growth rates and high levels of anxiety. However, the only way to fully appreciate the significance of these results is comparing them with national averages as described in Box 5.1.

Box 5.1. Measuring subjective wellbeing

An extensive and growing body of research has focused on the determinants of the wellbeing of people, nations and regions. Wellbeing is a complex phenomenon, which includes different aspects of the life of a human being, including for instance, gender, age, education, family, employment status, income, and social relations. However, other factors, such as personality traits, optimism, institutional factors, safety, pollution, and freedom, are also considered.

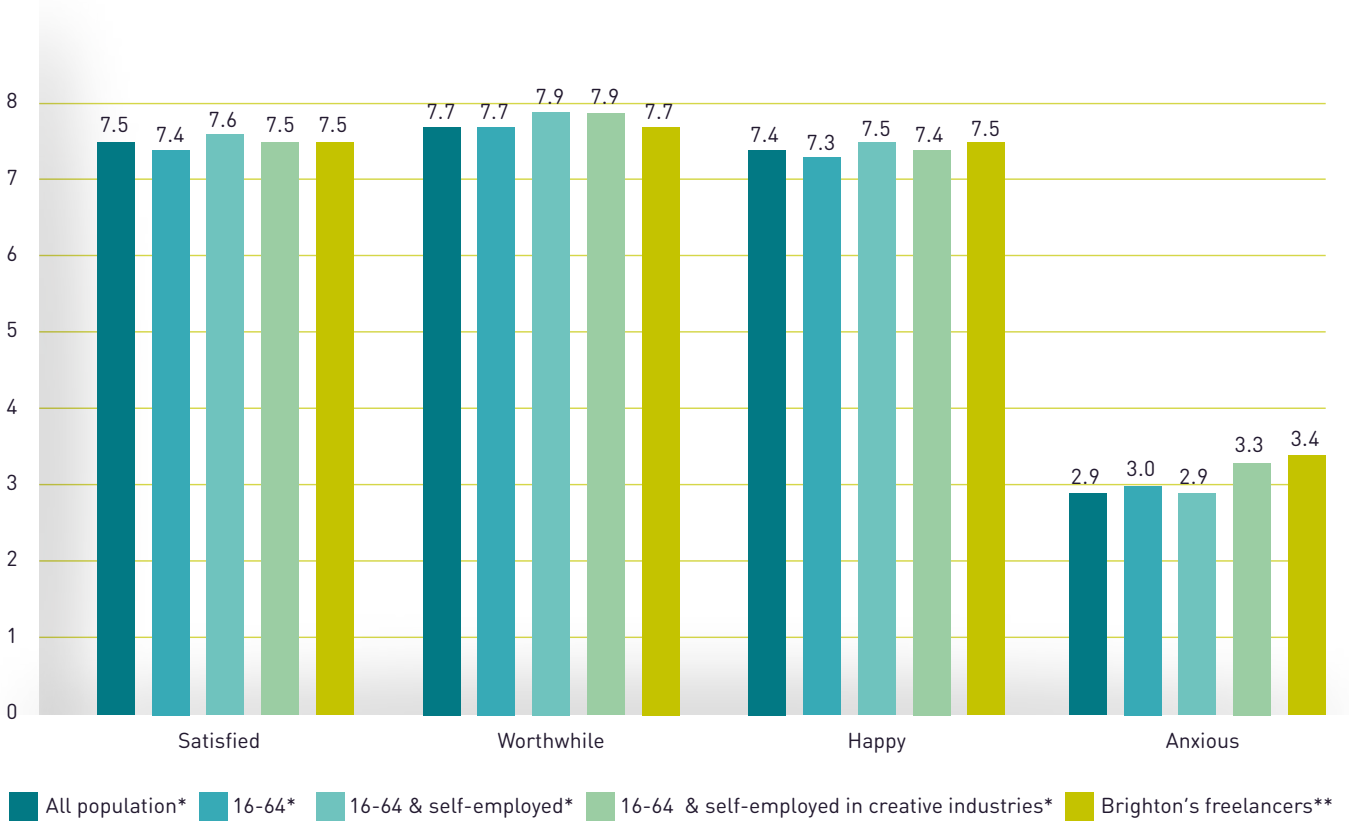
There are several ways in which people's subjective wellbeing could be measured²¹, and one of the most common involves a self-assessment of their own life satisfaction and happiness, in general terms or focusing on specific life domains (health, job, family, etc.).

The definition used in this research is the one adopted by the ONS²² and implemented in national surveys such as the Annual Population Survey (APS). It consists of four questions:

- Overall, how satisfied are you with your life nowadays?
- Overall, to what extent do you feel the things you do in your life are worthwhile?
- Overall, how happy did you feel yesterday?
- Overall, how anxious did you feel yesterday?

Respondents were asked to answer according to a 0 to 10 scale (where 0 is 'not at all' and 10 is 'completely'). This operationalisation allowed us to compare the average subjective wellbeing of Brighton CDIT freelancers with the national average.

Figure 5.4. Comparison of levels of wellbeing among different population groups



(Sources: * Annual Population Survey: Subjective Well-Being, April 2013 - March 2014; ** Brighton Fuse data)

Figure 5.4 shows the average wellbeing scores for five groups of people: all population, population aged between 16 and 64, population aged between 16-64 and self-employed, population aged between 16-64 and self-employed in the creative industries, Brighton's CDIT freelancers. Brighton's freelancers seem to be in line with the other groups of people considered in terms of life satisfaction. They score a little lower in worthwhileness, but higher in happiness. Anxiety seems significantly higher than the average, but in line with the average anxiety level in the creative industries.

Overall, Brighton's CDIT freelancers seem to perform well also from the wellbeing point of view. Our next step will be to analyse whether this wellbeing is reflected on future plans concerning their freelance activity.

Future plans

The first step in analysing freelancers' future plans has been asking them whether they actually preferred being self-employed rather than being an employee. As shown by Figure 5.5, the preference for freelancing over being an employee is striking (94%). Those who prefer to be an employee are generally earning less than the others, and they are more frequently women than men (9.9% of women prefer to be an employee compared to 3.8% of men). Also their average wellbeing scores are generally worse than for those preferring to be freelancers (except for worthiness which is higher). This result is instructive when considering the debates over whether self-employment is a genuine choice or a second-best status, especially

combined with the low numbers who reported freelancing through necessity. Brighton's CDIT freelancers are overwhelmingly satisfied with their self-employed position, in comparison to being an employee.

"I kind of... I love the variety. Even though I think I've got a pretty good work ethic, I don't know if I could face walking into the same field... or even if I worked from home I don't think I can just go into the same place every day and do the same thing every day."

(Freelance illustrator and designer, interview, 06/11/2014)

This general preference for freelancing is also confirmed by their plans for the future. Figure 5.6 shows that the most frequent plans for the future are all oriented towards maintaining or expanding their freelance activity. Over 95% of respondents say that in the near future they will keep working as self-employed, almost 75% are planning to broaden the scope of their freelance activity, and almost one fourth of them would like to obtain Limited Company status.

Lower preference is given to options entailing the pursuit of a different career path or a possible relocation. More specifically, 16.1% of respondents said they would like to find a job as an employee in the CDIT sector, and 3.6% in another sector. Moreover, 11.5% intend to move somewhere else, 7.9% would like to temporarily leave their current role, and 1.6% to retire. In line with our

expectations, those who prefer to be employees to being self-employed are also more inclined to reduce their engagement in freelancing in favour of other activities, such as finding a new job. However, quite surprisingly we did not find any significant difference between men and women, and observed that freelancers with the lowest income levels are also those who are most likely to broaden the scope of their freelance activity and obtain limited company status.

Figure 5.5. Preference between being self-employed and being an employee

Suppose you could freely choose between these two options, which one would you prefer?

■ Being self-employed ■ Being an employee

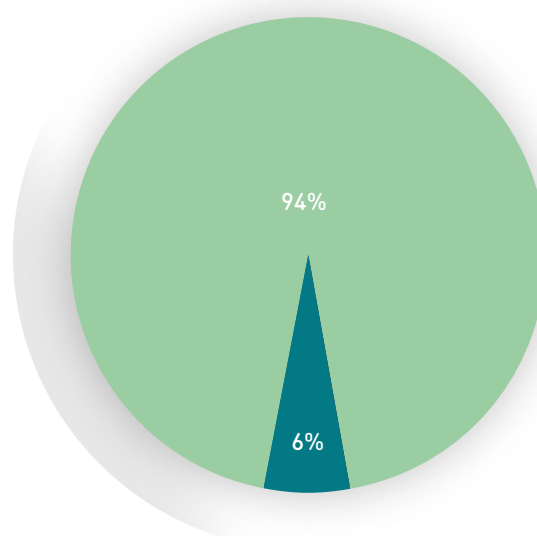
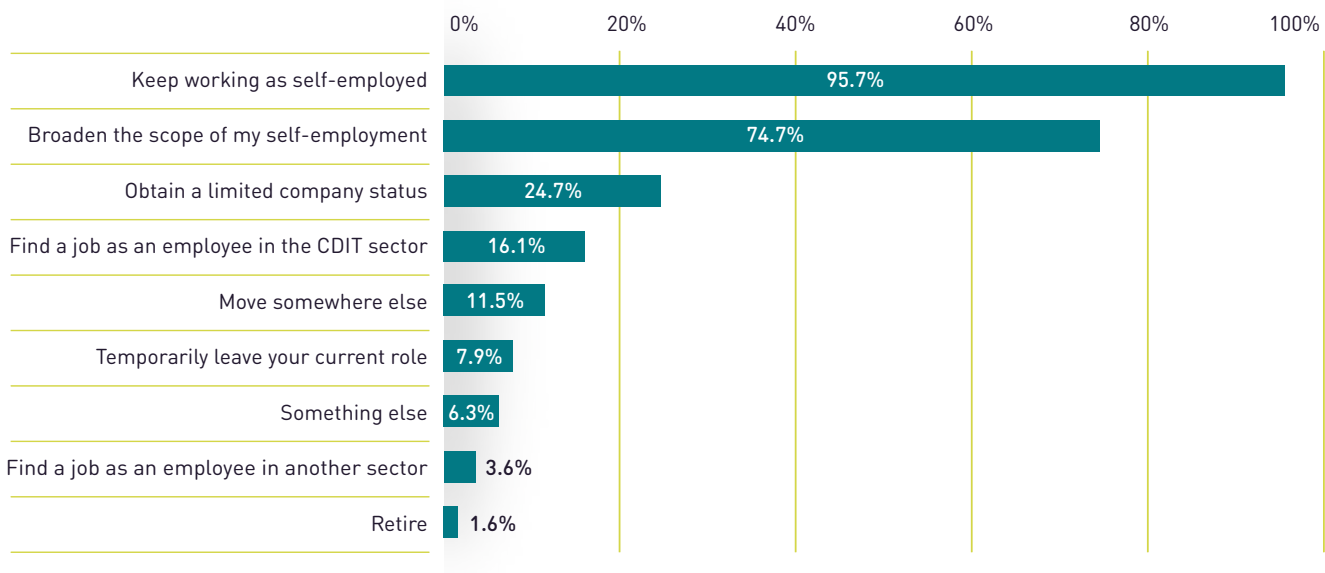


Figure 5.6. Plans for future



Barriers and challenges

Although Brighton CDIT freelancers seem to be successful both in terms of earnings and wellbeing, and only a small percentage of them would like to change their job, working as a freelancer still presents some drawbacks and challenges. We decided to investigate these challenges by asking our respondents to rate the importance of 12 types of barriers that may hinder their freelance activity. They are reported in Figure 5.7.

We observed that none of the barriers are deemed important by more than 50% of respondents, which indicates that freelancers may face quite different barriers. Moreover, we discovered that some of these barriers are correlated with each other so we performed Principal Component Analysis (factor analysis) in order to reduce the barriers to a more manageable number of factors. As a result, we grouped the challenges that freelancers face in three main categories: money, freelancing, and skills.

As previously highlighted, making more money is not the primary objective of freelancers. However, it is quite evident that many of them are facing a trade-off between the benefits associated with freelancing, such as flexibility and higher pay rates, and the greater stability that they could secure by choosing alternative career paths. Money-related barriers include irregular income, which is considered important by 40.5% of respondents, the current economic climate (34.5%) and too much competition (28.3%).

On irregular income one freelancer declared that: *"... the skill of being able to manage the insecurity of not knowing what my next job is in six months' time or a year's time, but knowing or believing that there'll be something, but also financially planning so that you've got a buffer and so that..., you're okay to manage it if you don't get work for a period of time – that's a skill set that actually sets you up to be okay in the long-term and to be adaptable and to be able to move."* (Interview, 15/08/2014).

Too much competition erodes freelancers' daily rates. One programmer said about the competition and the lack of recognition of their value by customers: *"if you're providing a commodity service as a freelancer and all you're saying is I do HTML design and CSS, then you can get compared to someone that will do that for a couple of dollars an hour... and so you're trying to justify yourself up from there when it shouldn't really be like that."* (Interview, 8/08/2014).

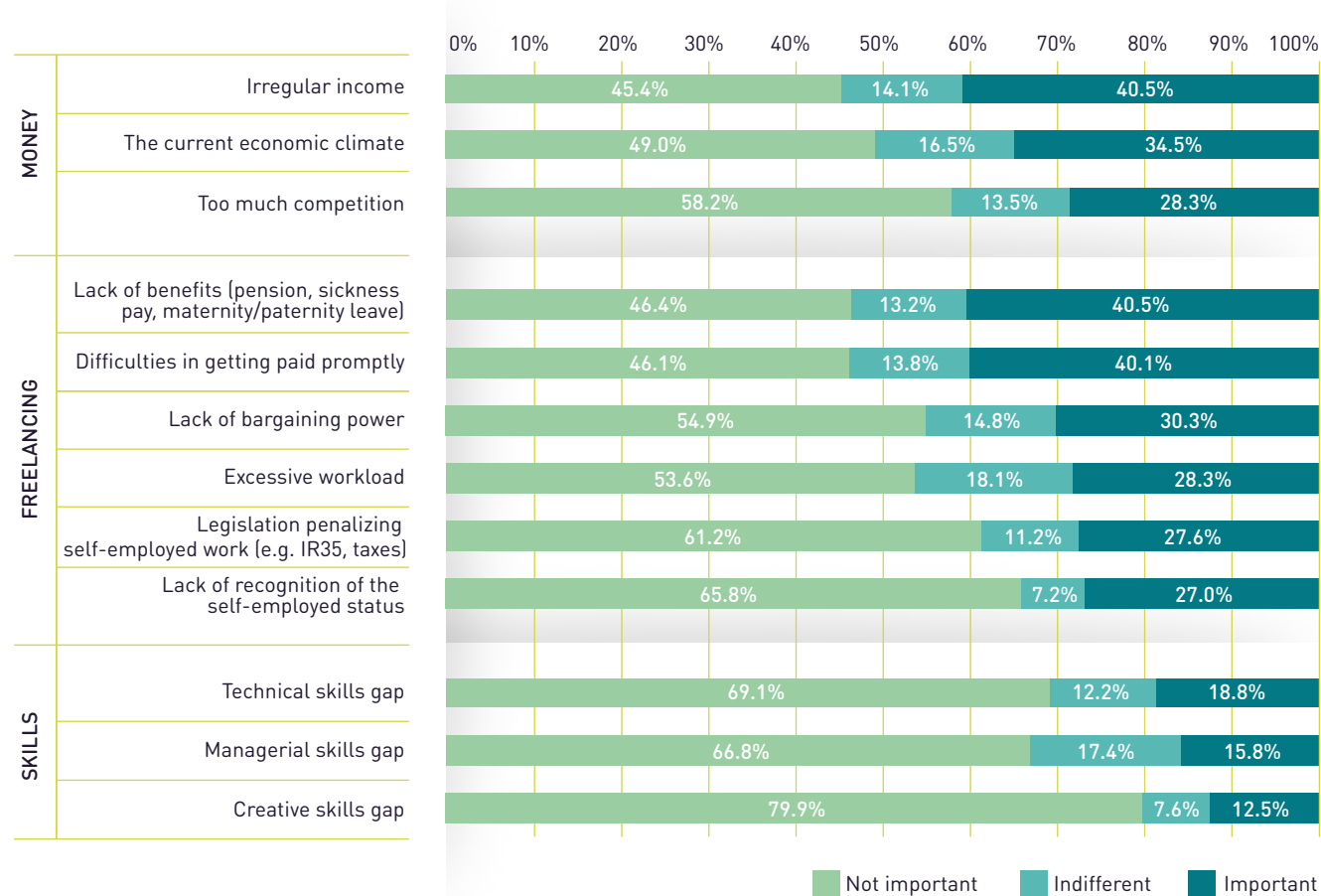
On factors relating to the current economic climate, one freelancer said: *"My work's sort of dried up quite a lot in recent months, and this is because my main client, at the end of last year, it was a big kind of company decision, they decided they were going to outsource all their cover designs*

to Singapore; I think they had an office in Singapore that they opened up, so they stopped using UK freelancers. I'm still finishing off some jobs for them, which I started half a year ago, but the work will, you know, basically finish within a month or two." (Interview, 11/04/2014).

Freelancing-related barriers, our second category, are inherently related to the nature of the self-employed activities. Those recognized as most important, among those identified, are lack of benefits (40.5%) and difficulties in getting paid promptly (40.1%).

The relevance of these barriers has been confirmed by our interviewees. Many freelancers are struggling with the lack of employment rights such as sick

Figure 5.7 Barriers and challenges



leave, maternity and paternity leave. Others are worried about their future, and by the fact that they are not contributing to any pension scheme.

"We risk maternity pay. Yes, maternity pay, all of that stuff, and the big risk, I think, that a lot of freelancers take by not pushing themselves a little bit for higher financial income is that they're not preparing themselves for when life happens, when they need to retire earlier, they need to take time off to be sick and all that stuff..." (Focus group, 24/10/2104)

"Another thing I'd like to say is this whole recession – we've been dragged out of it by self-employed people, you know, who've gone out there, maybe lost a job or they're self-employed, gone out there and found the work and kept things going and ticking over and yet, in terms of tax breaks and benefits breaks, we're not given any help at all and no credit..." (Interview, 6/05/2014)

Another prominent issue is the difficulty of getting paid promptly. This is a serious problem for freelancers, since late or missing payments seem to happen often, and they cause serious cash flow issues. The available instruments to enforce contracts such as the small claims court are not often used, as many freelancers calculate that the sum is not worth it, they frequently give up, and save the time and stress required to chase up clients that are not paying. Gaining a reputation for penalising clients is also a consideration.

"The other challenge is money, has always been challenge, not as far as earning it, but getting it out of people. That's always, always been a challenge, because people don't like talking about money, especially English, we just don't like talking about it; it's an embarrassing subject. But people continually abuse that by not paying you, and hope that you just won't ask for it, you know..." (Interview, 06/11/2014)

"Quite a few large companies have started putting in processing fees for their invoices. So if you invoice them, and they promise to settle it within 90 days, but if you want it paid within 28 days, you have to pay, like, a 3.5% fee or something, processing fee. So obviously, for big companies, that's a problem but it's not a horrendous problem. But for a freelancer, you know, if you do ten grand's worth of work and then discover you're not going to get paid for 90 days, that's quite a big problem. So yes, late payment is probably the biggest ongoing one, I'd say..." (Interview, 01/04/2014)

Finally, skill gaps are perceived as less important than other types of barriers, contrary to the firms in the original Brighton Fuse report. This is consistent with the evidence provided in the previous section showing that freelancers do not find updating their skills as difficult.

It is important to note that barriers are not perceived homogeneously by freelancers. For instance, women consider all of them as more important than men, in particular the ones related with the freelance profession (Box 5.2 shows the case of two female freelancers who reacted in different ways to the lack of employment rights in their profession). Although our interviewees have often portrayed early-career freelancers as more vulnerable and facing more barriers, our quantitative data contradict this idea showing that on average, they face fewer challenges. This is true also for freelancers with higher income levels, who experience fewer barriers than the others. In terms of fusion, the results are mixed and we found no systematic patterns in the barriers they face, while a negative and significant correlation between barriers and wellbeing was found. Higher barriers are on average associated with less wellbeing and more anxiety.

Box 5.2. Employment rights and women freelancers

The case of two women freelancers epitomises the interrelation between personal life and employment choices – of becoming or ceasing to be a freelancer.

Both were successful freelancers but stopped being freelancers for familial or childcare reasons. However they took a diametrically opposite decision. The first started a firm and became an employer of (so far) two peers. As a responsible freelancer she had always been aware of the need to provide available service to clients when taking time off from her freelance work schedule, such as for travel. The same concerns were raised when planning starting a family but for longer periods and she decided to create a business to be able to maintain service in her absence in the early stages of having a baby. She did not want to “lose momentum” in the business she had worked hard for as a freelancer and saw establishing a company as a way to continue.

Equally, the second woman had found the flexibility of freelancing somewhat convenient for the early years of being a mother:

“Yes, you get this sort of thing about mums on iPhones and how it’s this awful thing, but without my smart phone I couldn’t have earned a living whilst I had a child, and as he got older it was yes, he was playing in the park and I was on my phone dealing with a client or something, but at least I was spending some time with him as well... but I did find I always felt a bit embarrassed that if a client rang me I hated the thought that they might hear a child in the background, I was generally trying quite hard to conceal that I was a working mum, because I thought it would put people off if they knew that I had other things going on as well.”

She became a part-time employee- of the entrepreneurial first woman freelancer- and initially tried to maintain her own freelance work alongside, but eventually focused on her work as an employee at this lifestage:

“But that became really challenging because my freelance clients were expecting to hear back from me all the time and I’d be getting home from work, picking my child up, taking him home, cooking dinner for everyone, putting him to bed, and then getting in front of the computer, having to deal with all these freelance clients now, and that was very tiring. So in the end I decided, as [friend’s] business has been growing, that I’d start working full time for her. So that’s what I’m doing now.” (Interview, 10/11/14)

The reasons behind these two different choices are numerous, distinctive and highly personal. However, both relate to the intention or the actuality of having a family and children. Such decisions vary according to personal circumstance, such as the ages of children, and the perception and tolerance of risk and uncertainty and the solutions to cope with them. Their cases suggest important factors that act as barriers for freelancers. First of all, freelancers consider employment rights, such as maternity leave, as very important, if not essential. Second, maternity leave for self-employed women could play quite a different role than just substituting their income for a number of months, and it could be better adapted to their entrepreneurial needs. Third, the request for some public assistance by freelancers should not be taken as a mere plead for more benefits, but as the fair recognition of some employment rights that this particular category of workers are seeking.

Section Six: Brighton, Clustering and Networking

In the previous sections, we have looked closely at the freelancing activity in Brighton and the reasons why people freelance. We have observed through the survey that in most cases, freelancing is a lifestyle choice. How is this flexible working lifestyle achieved in Brighton? Where do Brighton freelancers come from, how and where do they network in this city? This section will focus on the factors of place and its communities, and our freelancers' relation with these.

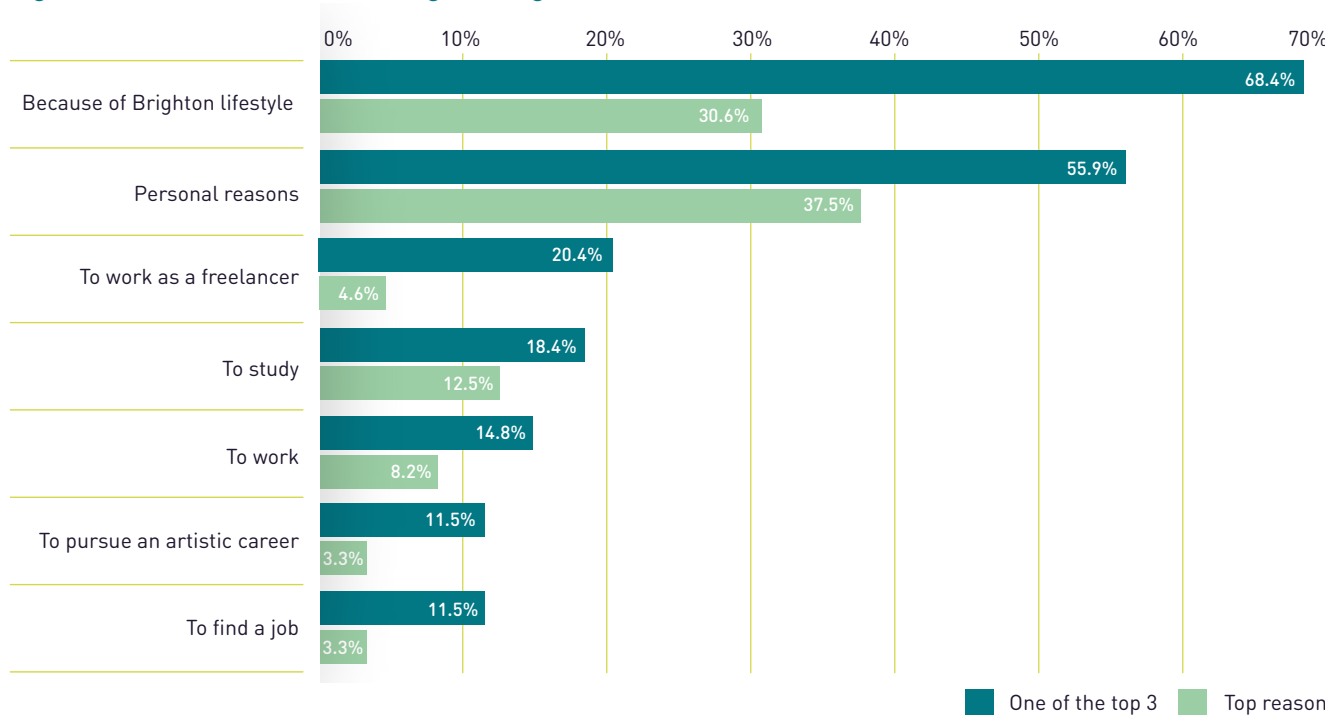
Why choose Brighton?

Brighton as a place to live and work emerged as a matter of choice and preference for the majority of the freelancers we surveyed. 92% of the freelancers moved to Brighton from elsewhere and 70.6% of this group started freelancing after relocating to the City. The movement of people to live and freelance in Brighton has steadily increased too; about 30% of the freelancers we

surveyed moved to the City before or during the 1990s, more than 50% of them moved in the 2000s, and nearly 16% have moved in the 2010s so far.

Figure 6.1 shows the reason for moving to Brighton. Our results indicate that Brighton lifestyle and personal reasons are by far the most important reasons for moving to Brighton. The other reasons,

Figure 6.1. Reasons for moving to Brighton



including to work as a freelancer, to study, or to pursue an artistic career are considered less important.

The majority of freelancers moved to Brighton for its lifestyle and quality of life, due to Brighton and Hove's reputation as a creative place and were drawn to its cultural life. This also emerged in the qualitative research. A freelance journalist and writer described her experience of the City's creative life and culture: *"You can't go anywhere in Brighton without being influenced by the whole creative undercurrent of what's going on. Everybody you meet is either a part time therapist or a part time artist of some description. It's the pulse of the city, it's everywhere, and it really influences the mood."* (Interview 06/05/2014)

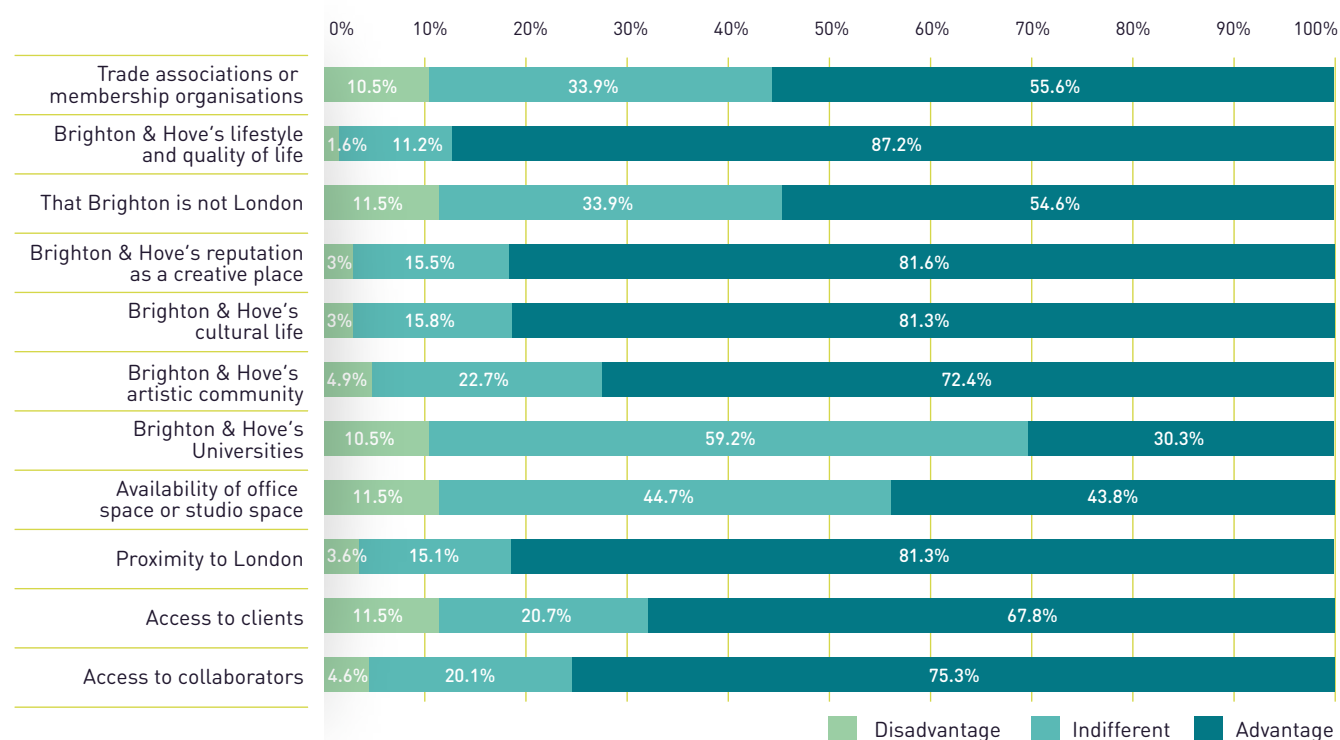
Figure 6.2 shows what factors related to Brighton represent an advantage of a disadvantage for our respondents, or whether they are indifferent to them.

The factors that are most often perceived as an advantage are related with lifestyle and quality of

life, reputation as a creative place, and Brighton's cultural life. These factors are closely followed by aspects related with the presence of a network of creative and digital firms and freelancers in Brighton. Access to collaborators and clients and the presence of an advantage by between 67 and 75% of respondents.

Finally, we found a sort of a dualistic relationship with London, which had also emerged in the original Brighton Fuse project. On the one hand, many of our freelancers (81%) agree that Brighton's proximity to London is an advantage (especially those in higher income brackets and also those early in their careers seeking new opportunities). On the other hand, still more than 50% of freelancers feel that the fact that Brighton is not London is an advantage for them. One reasons for this is that freelancers living in Brighton could still access the client base located in London, which is seen as useful and valuable, however, at the same time, they enjoy the different lifestyle and the cultural amenities of Brighton.

Figure 6.2. Factors related to Brighton



"Some of my London clients, I'll be talking to them on the phone. They'll go, is that a seagull?"

Yes.

Is that the sea?

Yes.

I'm sitting here in a smoggy office in Central London.

I know, sorry."

(Interview, 06/05/2014)

However, this close connection to London is sometimes problematic for freelancers. This is how a freelancer who moved to Brighton from London described his experience when he moved back to London: *"When I moved back a year ago I can't deny that my work... my client base like raised almost straight away. People that had kind of just drifted off were emailing me: oh, I hear you're back in town. Like I'd been living in Australia or something. And I was only in Brighton, I was only like an hour away, but people have this weird idea that you're miles away."* (Interview, 06/11/2014)

A very small percentage of respondents, however, perceived factors associated with Brighton a disadvantage. For instance only 6% of our respondents feel that the city's lifestyle and quality of life are disadvantageous to their freelancing work. The qualitative data highlights the view that Brighton's easy-going lifestyle and artistic culture are sometimes seen a disadvantage to freelancing in the City and they are perceived as distractions. The same freelancer cited above added: *"I would definitely be doing less if I was in Brighton. I'd be down the beach and... There's just too much...to do but it's in such easy reach as well. Like you can walk almost everywhere, and it's just too tempting!"*

Freelancers and workspaces

There is a general view that freelancers work in isolation; many work out of their bedrooms and are lonely. This was discussed in interviews. However, there are several coworking spaces scattered around Brighton and Hove, as well as opportunities for informal meetups.

The quantitative survey confirmed the popular view that freelancers work from home. 62.2% of the respondents stated that their home was the most important place of work, and for 89.1% home is one of the three most important places of work. Clients' premises are the most important place of work for 13.8% of freelancers, and one of the top 3 for 43.1% of them. Freelancers also work in an office they own or rent with somebody else (which is the most important place for 8.6% of respondents). Less frequently they rent or own the office by themselves (4.9%).

Whilst a majority of Brighton freelancers working in the CDIT sectors work at home, coworking spaces are perceived as important for those who rent desks on either a part-time or full-time basis or attend social evenings and educational events. In particular, coworking spaces are chosen as primary place of work by 6.9% of freelancers, but they are in the top 3 places for 20.7% of them.

The survey indicated that freelancers providing marketing services work at home more frequently than the average followed by those working with digital technologies. On the contrary, KIBS freelancers work at clients' premises and a higher percentage of Coworking spaces are more popular for freelancers working in digital technologies and design services. There is also a difference in the place of work of freelancers with different levels of experience. Early career freelancers, prefer to work from home, or at their client's premises, while more experienced freelancers work more frequently in offices they rent or

Box 6.1. Freelancers working in cafés and bars: all froth?

Only 0.7% of our freelancers think that cafés and bars are the most important places for work, but for 22% of them bars and cafés are one of the three most important ones. This figure seems to confirm a recent survey conducted by Greggs and the University of Stirling into the coffee culture in Brighton revealing that Brightonians are the “biggest coffee drinkers in the UK”, and describing the use of cafés in Brighton as temporary workspaces due to access to free Wi-Fi.²³ However, bars and cafés are not the ideal place of work for all freelancers. A freelance copywriter we interviewed explained the reasons why she chose not to work in cafés when writing and conducting research:

“If I’m doing copy writing, I would try to do it within my own home because I control the noise, I’m in control of the internet. Sometimes, if you’re doing quite a bit of research as well, you don’t want to be researching on a public network, because I used to work for the Foreign Office as well, you know, security clearance and things like that and some clients give you a lot of privileged access to things. Sometimes, if you’re doing quite a bit of research as well, you’ve just got to be respectful of their confidentiality because if you’re out in the café and you’ve got confidential papers on the desk, you don’t know who could be reading it.” (Interview 06/05/2014)

What Brighton freelancers frequently use cafés for, is meetings, especially with clients. This is regarded as a key passage point in securing work “you can be emailing back and forth for ever, but if you don’t have the coffee with the client to talk about the project it’s not going to happen” one freelancer advised at a Wired Sussex freelancers’ breakfast event. Space to meet clients seems to be a need in the city, and cafés currently fill this gap.

own. The difference regarding coworking spaces is particularly remarkable, the percentage of experienced freelancers choosing these places as primary place of work is more than double than the one of those in early careers.

These figures could indicate a range of issues. Working at home might be seen as a cost-cutting exercise for freelancers, which was confirmed in the qualitative research. More experienced freelancers on the other hand, or those on higher incomes are perhaps better able to afford rents, but in turn benefit from working in a shared office or coworking spaces as this offers networking opportunities leading to higher incomes. The benefits of working in coworking spaces or renting office space, over working at home, were described

by freelancers at interviews. A web designer who has been freelancing for four years explains the issues associated with workspace in relation to client relationship especially early in his career:

“Meetings were hard. You know, again, like all my original meetings were in coffee shops and it actually sets a really... as I understand now, it sets a really bad first impression. It kind of gives away the signal that I’m a chilled-out freelancer, you know, easy come, easy go and if you enter a relationship with a client with that attitude they will treat you, easy come, easy go. Oh, he’s just a bedroom freelancer who doesn’t really care. If you set the tone like this is a business meeting in a meeting room and we’re going to be professional, I’m going to dress smart and I’m going to, you know, have a

methodical approach, then the whole relationship is on those terms.” (Interview, 25/09/2014)

Freelancers that use coworking spaces such as The Skiff and The Werks, or attend informal meetups such as Brighton Farm and Async at Clear Left value them as opportunities to socialise but also to seek knowledge and source work. We interviewed two developers who described the value of coworking spaces.

“I think my experience of being a freelancer in Brighton has become more and more positive all the time, because, particularly with the Skiff, I’m always meeting lots of new contacts, designers, developers, etc.” (Interview, 25/09/2014)

“Yes, I go to The Farm every single Wednesday, and I, I mean it’s good for lots of reasons, but just because freelancers have got to be sociable, I think, because you spend a lot of time at home.” (Interview, 12/08/2014).

“I think I figured out that it was about 62% of my work in one year had come either from first or second generation connections I’d made through the Skiff”

(Focus group, 24/10/2104)

Networking and feeling part of a community

The previous Brighton Fuse project showed that local networks played a key role in the Brighton CDIT cluster, for instance providing a source of ideas and market trends, facilitating the access to

clients, talent and employees, and more in general by linking firms and workers operating in different sectors and promoting the sense of community.

These results are more puzzling in the case of freelancers. On one hand, Brighton freelancers in the CDIT sectors perceive their network contacts as a very important source for new ideas, inspiration and market trends, for new opportunities, and as a way of socialising. If we exclude a source of market trends, all these functions of local networks were considered important by at least 50% of respondents. Moreover, the previous sections indicated that the vast majority of freelancers actively use their personal network to promote themselves, and find new clients.

On the other hand, despite the importance that they place on networking, freelancers do not seem to network very frequently. Especially infrequent is networking at professional associations meetups, also the attendance to both artistic/design and technology-related meetups and events is quite scarce. The most frequent forms of networking are informal with people working in Brighton and Hove and on social media platforms, which are frequently carried out by about 28.6% of respondents. This is in spite of a great many such specialised meetups occurring regularly throughout the city.

However, we found some differences between sub-groups of freelancers. Overall, a greater percentage of female freelancers seem to network more frequently than men (with the only exception of technology-related meetups). The survey results indicate that early career freelancers in the CDIT sector in Brighton tend to network more frequently compared to experienced freelancers, reflecting the stage in their career when they are building up contacts and seeking work (even though their attendance to tech and artistic meetups is not higher than the average). Networking and PR

for them is an essential part of their freelancing activity. Also, interestingly, superfused freelancers show the highest level of participation to all the kinds of networking activities considered. This suggests the superfused profile requires a number of contact points and social stimuli.

Giving and receiving help and sense of community

The results on networking are confirmed by the freelancers' weak identification with local creative and digital communities. More than 50% of the freelancers do not feel part of any community, 14% of our respondents feel part of the creative community, 8% feel part of the digital community and 26% feel part of both communities. This highlights the fact that freelancers see their network contacts as distinct from their communities. A Focus Group participant explains this differentiating between the community and the network.

"I suppose it depends how you define a community, because like to me, the Farm is that community, and so is The Skiff, but maybe people don't think of those as their community; maybe they think of them as networks."

(Focus group, 24/10/2014)

A graphic design freelancer described how being a part of the design community was less important than being a part of a network to source new projects and opportunities and gain clients.

"I know that there are things like monthly designer meetups, and things like that, but I tend to look more towards... I do networking, that's what I do. I guess I always thought I should go away from the designers, because although it's nice to have the support from them, I'm more looking for clients than I'm looking for kind of mutual support of, you know, somebody in my industry, I suppose. But I have designer friends who I bounce things off, and stuff like that, so I suppose I've developed this, a few friends who I go to, to ask questions or get an opinion on some things." (Interview, 13/05/2014)

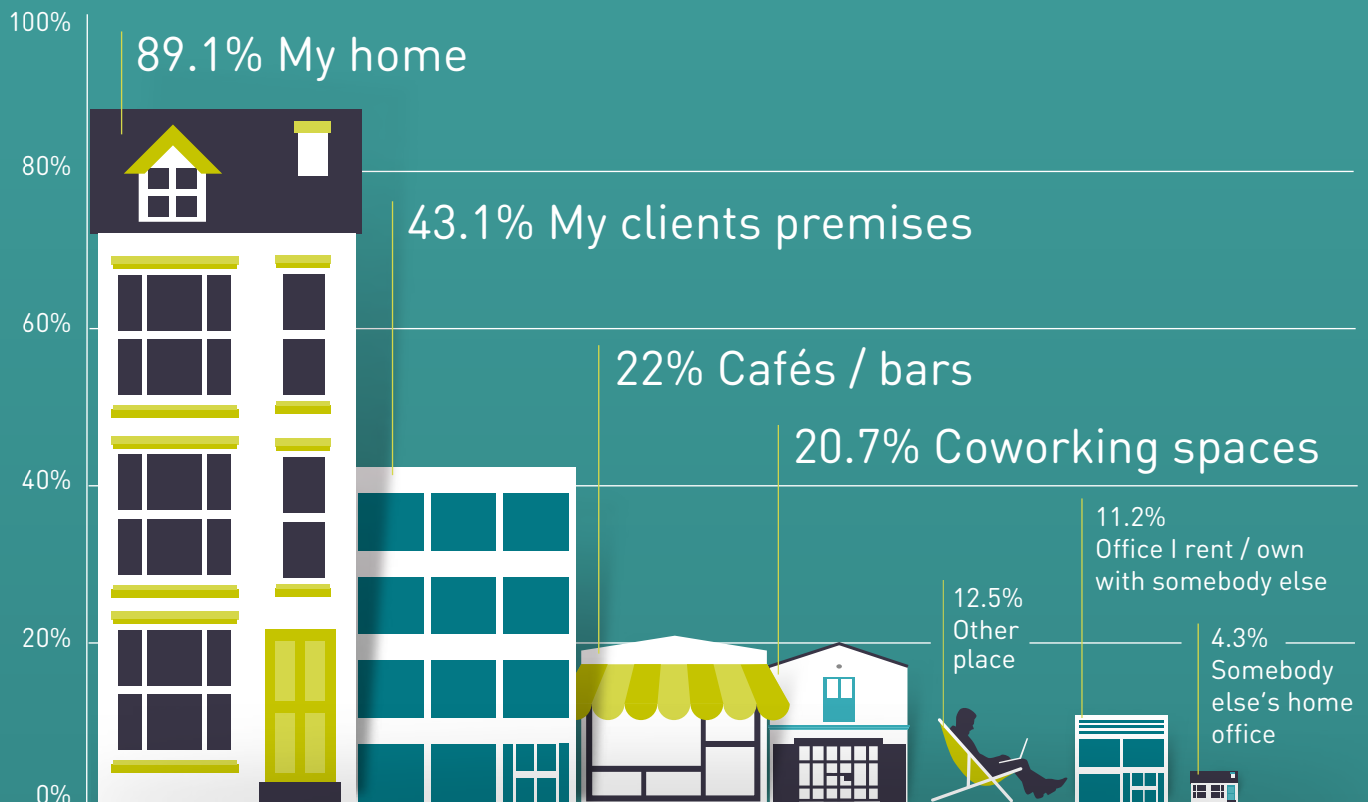
Nonetheless, we noted that the sense of community, and in particular the feeling of being part of both digital and artistic communities is much higher for fused and superfused freelancers.

The first Brighton Fuse project showed that some CDIT firms in Brighton were willing to help out other firms, and also were receiving help when needed. What about freelancers? Do they feel helped and supported by fellow freelancers and others working within the CDIT sectors in Brighton and Hove?

According to our results, 64.1% of respondents do not give or receive any help from other freelancers, 13.5% report giving and receiving help, 15.8% say that they give help, without receiving any, and finally 6.6% receive more help than they give. Figures indicate that freelancers with higher earnings are also those who give more help than the others. However, these forms of altruism seem to be linked with the sense of community, since the more freelancers feel part of both communities the more they feel like giving and receiving help.

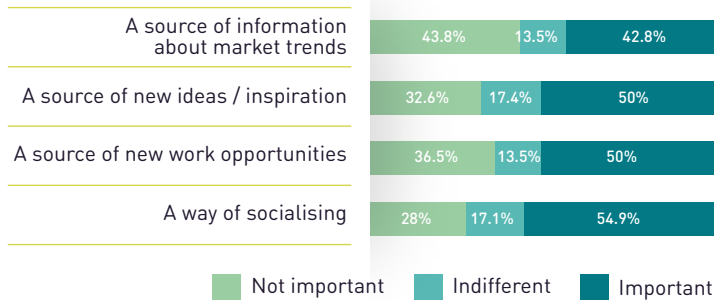
Place of work

Freelancers listed the following places as one of their three most important places of work



Importance of networking

Freelancers find various aspects of networking important



On average
56.6%
of freelancers
rate networking
as important

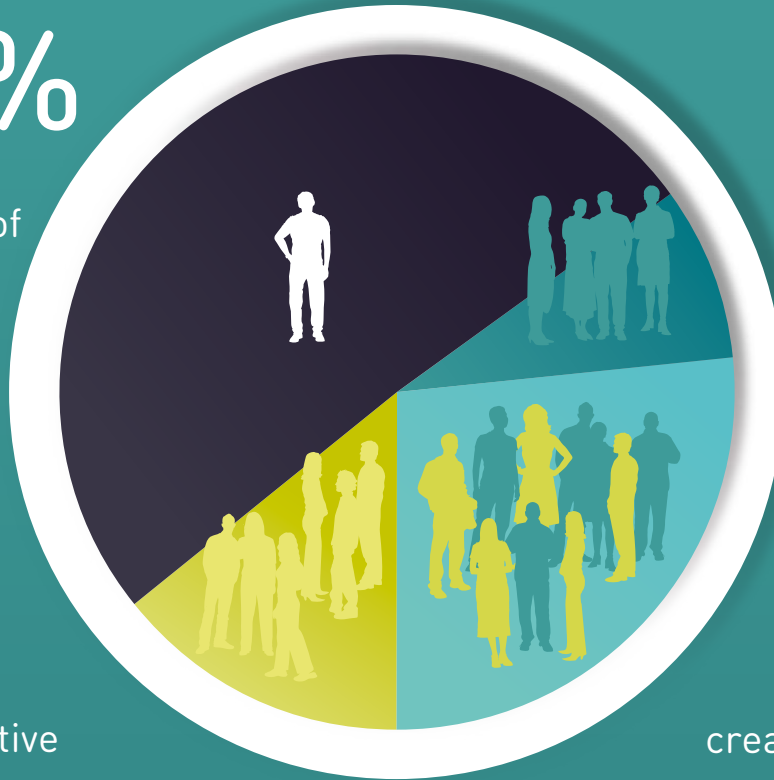


Network identity

Freelancers were asked if they felt part of a community

51.3%

of freelancers
don't feel part of
any community



8.2%

part of
the digital
community

14.1%

part of the creative
community

26.3%

part of both
creative and digital
communities

Frequency of networking

Despite its importance, freelancers do not network very regularly

Interact through social media platforms

33.2% 38.2% 28.6%

Interact with other people in Brighton & Hove through social media platforms

22.4% 54.3% 23.4%

Attend artistic/design related meetups and events

49.3% 38.2% 12.5%

Attend technology related meetups and events

54.3% 36.5% 9.2%

Network at professional association meetings

67.1% 24.7% 8.2%

Not very frequently Fairly frequently Very frequently

but only
20.3%
of them engage
in networking
very frequently

Universities

Universities are often regarded as key institutions in the development of clusters and networks within a city. Our qualitative research reflects that these help create informal networks. A social media consultant we spoke to, described the network she developed through her studies at the university.

“There’s quite a lot of people that I know who I studied my BA with at the same time, and they’ve become coders, or graphic designers, illustrators. So there is this, kind of, informal network, but it’s not that we’ve met each other through freelancing necessarily.” (Interview, 23/03/2014)

This type of work from alumni is described as an ‘old boys club’ effect and can be an important source of work for freelancers throughout their careers. But beyond past relations, the results of the quantitative survey show that 58% of our respondents engage with the universities in one form or another. For instance, 25% of our respondents network informally with university staff (including PhDs) and 16.5% participate in university events such as conferences and festivals, 12.5% provide services and consultancies to universities and 10.5% have done lecturing or tutoring activities. Only 5.6% make use of the universities’ training services, underlining the results on skills acquisition reported in Section Four.

In terms of barriers to further engagement with universities, 67% of respondents state that they do not have enough information about what the university can offer them, 47.4% do not have enough time, 24.7% think that the research and training services provided by universities are not relevant for them, and 17.8% think that they are too expensive. Interestingly, freelancers who do

engage with the universities perceive less barriers, suggesting the barriers may be more psychological than experienced in practice.

While the value of their original degree and its associated contacts continues to be important for freelancers, their relationship to the universities is consistent with their overall behavior. Conscious of their time as a valuable resource, freelancers’ interactions tend to be more instrumental in their professional life, rather than reinforcing an identity with an institution or community. They value their network ties, and especially those with other freelancers:

“If there’s just one message to give to freelancers that I’d spread is just the community of other freelancers, make sure you’re mixing with other freelancers, and when you have problems, then you’ve got people to ask about it because that I think is much more valuable in the long term than attending some free classes.”

(Focus group, 24/10/2014)

Section Seven: Conclusions and Policy Recommendations

Our entry point in the wider debates

We began this report by referring to recent debates in the policy environment and in the academic literature that raised concerns over the growth of self-employment in the economy. There has been scepticism over whether this trend is a positive solution to employment needs following the recession, as critics claim that freelancers are trapped into second-class employment, with none of the benefits and security of the real thing. Equality of pay is questioned, and there is a feeling that this mode of work organisation may be a convenience to firms, effectively using the freelance workforce as a 'reserve army of labour'.

The academic literature also tends towards a depressing outlook. This may be understandable in cases of 'forced' self-employment, or in activities where a living income is difficult to achieve without working long hours or where contracts are few and far-between and clients can be exploitative. But the academic literature actually found high levels of stress and uncertainty not in cleaning or massage services, but in the creative industries. People enter these sectors often for the love of the products and the creativity and it would appear from many studies that they pay a high price in stress and anxiety.

We noted much of this literature had not yet considered the effects of so-called fusion on the conditions of the self-employed. While much of

the political concern was directed to other sectors, and while the academic literature examined the traditional creative industries it had not assessed the effects of digitisation on the self-employed beyond displacement of traditional roles. Our entry point to this set of debates followed from the findings of the prior Brighton Fuse report and the view that high-growth in the creative industries exploit the combined effects of creativity and technology. The Brighton Fuse report had shown that superfused businesses, which relied heavily on these creative-digital combinations, had difficulties in recruiting suitably skilled professionals, and they often turned to freelancers to fulfil these roles.

Economic performance and innovation

Our interests were on the economic contribution and conditions of freelancers in the CDIT sectors in the Brighton cluster, we wanted to understand how they create value for their clients and the degree to which they capture it for themselves. We found Brighton freelancers were active and generating revenues across a range of CDIT sectors, with KIBS, digital technologies and digital marketing leading the volume of revenues, with design and content following. They are prosperous, with a median income of £27,000, adjusted to £42,857 in terms of Full Time Equivalence. Almost 25% have important international revenues. It was

striking how similar freelance individuals behave in comparison to the firms of the original Brighton Fuse report. While often the comparison is made to employees of firms, we found a more valid comparison is to entrepreneurs. As one interviewee had put it: *"I wasn't really thinking of myself as a freelancer even though that's what I was doing – I thought of myself as a company founder."* (Freelance programmer, interview, 08/08/2014).

Freelancers need to take a global view of their business, considering strategic positioning and its competition and marketing implications, organising finance and accounts and day-to-day management of projects that often involve contracting with other freelancers and businesses. More than one-third contract other freelancers and those that do so, enjoy greater revenues and almost twice the growth rate of those that do not. More than half market themselves with at least one distinctive brand, and many of them have two or more. But we find natural limits to their business expansion: they grow more revenues with two types of revenue-generation- or *business model*- but struggle with more than two.

Also similar to the firms in the Brighton cluster freelancers are highly innovative, the vast majority introducing various forms of novelty into aspects of their work. They also find time for side-projects that can be thought of as R&D investments. However they also share the difficulties that firms find in generating revenues through ownership of Intellectual Property, even though almost half are producing material eligible for copyright.

Fusion and learning

The degree of creative-digital fusion showed fascinating variance from the Brighton Fuse firm study. We found that freelancers in our sample were even more fused than the firms, with almost half in the superfused category and over a quarter as fused. Similarly to firms we found that revenue

generation increases with fusion, and so do growth rates from unfused to fused. However with the superfused part of the sample we find that growth rates drop considerably. This raises interesting questions about what superfusion means in terms of individuals. There are of course natural limits to the potential for growth of an individual's business. But we note the scepticism among experienced freelancers as to how many competences one person can realistically master and that true creative-digital polymaths *"are called unicorns"*. However CDIT freelancers are likely to be using digital tools and forms of distribution and over 60% have Arts, Humanities or Design degrees yet we do not find any significant difference between degrees for levels of fusion (with the exception of Business/Economics degrees which are on average less fused). We find that the most fused-sector freelancers are those that offer design services and digital technologies, so there is no clear pattern regarding disciplinary origins.

Freelancers rely on their university degrees as one of the most important sources of knowledge and skills, with learning on the job and self-learning as primary. Self-learning through online resources in particular has become particularly effective for new developments and problem solving. Formal learning is still seen as useful for people and business skills, although used little. The biggest barriers experienced are lack of time and excessive costs of formal learning, including the opportunity costs perceived as a fear of losing work due to the committed time. This suggests that there may be missed opportunities for learning because of the sometime 'treadmill' nature of freelance work.

Motivation and wellbeing

Because of the widespread view that freelancers may be in their positions not through choice, but necessity, we incorporated research questions regarding their motivations and wellbeing. We found that far from settling for freelancing as a

second-best to employment, overwhelmingly they elect to be independent professionals, and they do so largely for aspirational reasons, whether to realise their own business ideas or to achieve more autonomy and flexibility in their lives. The second most important category is to earn more money, since freelancers can often charge a premium for their project services. Only a minority freelance through necessity, because they had been made redundant or couldn't find a suitable job as an employee. 94% prefer to be freelance over being an employee, and almost 96% intend to continue freelancing. There does appear to be a personality characteristic and drive to achieve greater and greater autonomy and therefore choice. As a focus group participant eloquently put it:

“As a freelancer, you’re seeking the ultimate independence...for me it’s how independent I am, and, can I get to the point where I decide what I do tomorrow? That would be utopia.”

This motivation to pick and choose projects may also explain why the superfused freelancers grow their income less than the fused and unfused. When freelancers reach a certain level of all-round excellence and demand for their services, they can afford to step back and spend more of their time on passion projects. In this sense they are the quintessential ‘lifestyle businesses’ so derided among some commentators on the UK economy. Their aspirations are not to bring in more contracts and work to deliver, but to maintain a level of income and spend time on what interests and inspires them. In some cases these may lead to economic value through products and monetisable services, but in many other cases the rewards are

more personal, artistic and intangible. We should also note almost 40% do voluntary work alongside their freelance activities.

Beyond motivations and aspirations we asked freelancers about the here-and-now actuality. Especially because of the view that they are exploited by the firms with whom they trade, work long hours and experience stress with little security in their status. We asked about freelancers’ wellbeing, sensing that the usual economic indicators may not be the only measures assessing their performance. Here we find little that is out of line with comparable populations outside CDIT freelancers in Brighton. They work an unremarkable 38-hour week on average. When compared with other self-employed, in the creative industries and in the general population our sample is pretty consistent in terms of happiness, satisfaction, anxiety and the sense that their lives are worthwhile. Brighton CDIT freelancers are slightly happier, and also slightly more anxious than their counterparts, but in line with the average anxiety level in the creative industries. We find that two groups often identified as disadvantaged: women, and early career freelancers, have higher levels of wellbeing. This is in spite of lower income in the case of women, as is found nationally in terms of pay. These results belie the image of freelancers as downtrodden and ‘forced’ self-employed. This does not mean they do not have challenges and barriers, which we discuss below.

Place

The results on freelancers’ attractions to working in Brighton’s CDIT cluster were very similar to those of the firms’ directors we studied in the first Brighton Fuse study. Like those firm founders over 90% came to Brighton from elsewhere, and they mainly came for either for lifestyle reasons, or to work as a freelancer, which is after all, another lifestyle choice. One formerly London-based interviewee had explained her highly systematic

and rational decision based upon consideration of other cities: she wanted to work as a freelancer and to have a more autonomous life; she was creative and wanted to live and work in a creative atmosphere; she wanted to be near the sea, but being 'outdoorsy' she was also attracted to the South Downs for walking and cycling: Brighton won over Bournemouth.

Again similar to the firms freelancers have an ambivalent relationship with London, Brighton's perceived advantage of its proximity is recognised by the vast majority and most find it an important source of clients and income, yet over half consider the fact that Brighton is not London an advantage.

In spite of the espoused advantages of its creativity, opportunities for networking and cultural amenities we find that Brighton's freelancers don't get out all that much, at least not for work and to network. The primary location to work is at home, with clients' premises a distant second. While networking is highly valued to win work and gain fresh ideas and knowledge, the majority of freelancers do not frequently participate in it physically, despite a wide range of opportunities in the city. Identification with creative and digital communities is generally low, with over half feeling part of neither community, but tellingly, the superfused identify with both significantly more. Some argue that "freelancers are not joiners", but the minority that does participate in meetups such as the Farm or coworking spaces such as the Skiff are enthusiastic about its benefits.

These results are somewhat contradictory and puzzling, suggesting that the influence of place on clustering is more complex than is often believed, or alternatively is much more simple: people like to live by the sea and freelancers try to keep a work-life balance.

Barriers and policy implications

We take the position in this report that the growth of the self-employed working in the CDIT sectors is a positive development for those individuals as well as for the economy as a whole. Although freelancers will not directly create employment, a proportion of them will do so at later stages of development and if objectives are for greater autonomy and entrepreneurial energy, then a hundred freelancers are at least as economically desirable as one hundred employees. In our sample, admittedly in high-growth sectors in the relatively affluent South-East, we find little evidence of hardship or displaced employment. But rather, we find a phenomenon that we argue ought to be encouraged and its difficulties eased. We find that on the contrary there are features of law and practice that currently penalise freelancing.

Freelancers face barriers and challenges that are correlated into three categories we call money, freelancing and skills, which are outlined in Section Five. Money barriers are inversely correlated with growth and business performance; freelancing barriers like not getting paid promptly and lack of benefits are experienced equally by all types of

freelancers; and there seems to be a skills barrier hurdle for the fused freelancers, which is overcome by the superfused. Here we consider the possible policy responses to these issues.

Equal rights with employees

Research into freelancing quickly raises the imbalance between their benefits and rights, and those of employees of businesses. This covers a whole range of policies, laws and tax rules to the extent that the exclusion of self-employed is so customary that it is unremarkable. Not all these exclusions are particularly damaging but it is important to first note the implicit 'special case' of self-employment. The mind sets of policy-makers are primarily concerned with traditional employment, or lamenting the lack of it. However as many commentators have observed the self-employed are becoming less of a special case, and if their growing numbers continue mind sets will need to change.

We do not intend to give a laundry-list here of the many anomalies produced by the exclusion of freelancers, but we would prefer to make a general recommendation that the implications of policies for the self-employed should be increasingly considered. This includes health and welfare, social security, business support and innovation and entrepreneurship policy instruments, as well as the combined effects of the 'policy-mix'. We note for example that many policies nudge freelancers towards registering as limited companies for eligibility, such as creative industry tax reliefs

for animation, games and high-end television production. This is no great hardship, and in any case many freelancers are advised to register as Ltd co.s by their own accountants at the point when they achieve a relatively modest level of income, including over 40% of our sample. Nevertheless it is illustrative of the assumptions about legitimacy that underlie self-employed work.

It does seem that a clear case of unfairness surrounds policy on family life and childcare, and in particular the non-availability of maternity and paternity payments for freelancers. While employees enjoy these benefits, freelancers need to manage without them and are doubly penalised by taking time off work because unlike in firms, arrangements to continue to service clients and do vital marketing for ongoing work are not easily made. Freelancers pay tax and national insurance and should have access to similar support for starting families as employees.

Other cases are more arguable, such as pension schemes and health benefits and insurance. On these freelancers themselves feel more responsibility. Some feel that their long-term financial planning should incorporate these and this is why many charge a premium for their day rate. Others feel this may be unfair on the client: *"I don't know...if it was a company, maybe. If you're charging an individual, I don't know why you feel that they should pay for your choices, your life choices, in a way, you know what I mean?"* (Interview, 06/11/2014). Freelancers are

fair-minded about their choices and status and these types of policies should be considered on a case-by-case basis, but attending to the cumulative effects and signals as discussed above.

Freelancers' access to finance

A specific effect of freelancers' lack of legitimacy surrounds their ability to secure finance, and not in the sense of seed funding or venture capital as we see regularly in the discourse on start-up firms, but basic aspirations such as mortgages or a bank account with an overdraft. High street banks are highly risk-averse when considering loans and other forms of finance to freelancers. There is also a lack of sensitivity to their common business difficulties, such as late payment by clients- one of the most important barriers identified by freelancers in our sample. There is a sense that the business support schemes offered by government, even those targeted at small firms "completely bypass freelancers" and their issues.

For these reasons we suggest the introduction of a government-backed freelancer business bank account, perhaps in partnership with Lloyds or another with government links. This product would be specifically designed for freelancers and equipped with advisors who understand the nature of their cash flow and can advise on difficulties with longer-term financial planning such as pensions. These advisors could also help negotiate over securing loans such as mortgages and help understanding the often lumpy, or 'feast-or-famine' income streams of freelancers in financial institutions.

The other area that such a product could cover is investment in new skills, resources and equipment. The research has shown that fear

of losing income and excessive costs dissuades freelancers from upgrading their skills, and yet this is essential to maintaining competitiveness and levels of innovation that are desired in a contemporary economy. Mechanisms for enabling such investments in skills development should be made available in the superfused economy. This should also be assessed from the supply side, in terms of freelancer-friendly delivery of teaching and learning.

Awareness and value

Finally, there is a general need for greater awareness with regard to freelancing, and the value that it provides. This is not only for policy-makers, but also for the general public, many of which will at some time contract freelancers, but awareness is needed even among the freelancers themselves.

The most obvious area of this need is in setting rates. It is not clear to freelancers, especially those starting out, what they should charge for their work. These are not matters that are talked about by freelancers themselves, so there is little transfer of practice, and associations tend not to publish recommended rates, aside from a few notable examples like BECTU, which is focused on theatre and television. People tend to begin with fixed prices for pieces of specified work, perhaps with a 'sanity check' with more experienced peer; at some point they get "burned" by an unreliable client or find they have estimated the amount of effort; to avoid such experiences they increasingly try to move clients on to a day or hour rate, or even better a retainer; finally when they find they are too busy, they put up their rates.

This process of market adjustment is a painful one but made worse by the ignorance of potential

clients who expect creative, design and digital services to be done for sums of money tending towards zero. This is not only a matter of negotiation but a general conception of the value of these services, which are more open to question than for example, the fees for private dentistry. This expectation of the costs of creative products is not limited to freelance work, as we see considerable debate over piracy of content on the Internet for example. It seems the creative life is spent reiterating the value of the work, as one interviewee put it:

"... I get bored of like years down the line explaining. You do feel like you're justifying your fees all the time to people, ... and then when you explain, well, actually, you know, it's going to take two days, so I'm not actually making that much on that, but... and then they understand. But ... it would be cool if there were something out there that people could refer to before they even come near you, and then they've got like a ballpark figure; that'll be cool. Like ... yes, just like some freelancing guidelines."
(Interview, 06/11/2014)

We therefore recommend two government-led information campaigns, the first to publish credible information guidelines and advice on freelancers' business models, which should be based on research, collated, assessed and adjusted for regional and sectoral variations. Both freelancers and clients could use these in the form of an app, website or print brochure, and would-be freelancers and would-be clients. The second should be a more general impactful public information campaign through various media giving examples of freelance work and their corresponding costs, perhaps compared with other more well-known services.

Finally there is also need for awareness among freelancers of the many schemes, legal mechanisms and tax affordances that are already available to them. We find that there are solutions to many of the difficulties and challenges identified in our research, and in fact freelancers may be aware of them but have perceptions that they are more difficult to access or pursue than they are in actuality. This is a matter for already existing mentoring schemes and information services, as well as associations such as Wired Sussex in the Brighton case, as well as private service providers who can advise on for example, using small claims courts to pursue non-paying clients or documenting evidence to apply for R&D tax relief. As in many other cases, we find that it is not new policies that are required so much as information and connection among existing channels and resources.

Footnotes

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 18. See ONS (2013), above.
 19. With some notable exceptions, such as BECTU, the media and entertainment union: <https://www.bectu.org.uk/advice-resources/rates>.
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Brighton Fuse 2: Freelancers in the Creative Digital IT Economy

'The growth of self-employment in the UK is met with ambivalence. Many argue that this is displaced employment with none of its benefits and securities. But what is the picture in the high growth Creative-Digital-IT (CDIT) sectors? What is happening in city clusters such as Brighton, where these innovative industries concentrate and which are known for large numbers of freelancers and contractors?

This report shows systematic research on the business performance, motivations, wellbeing, skills profiles and behaviour of over 300 freelancers surveyed in Brighton's CDIT cluster, with over 30 interviews and 2 focus groups. The evidence suggests clues to understanding new trends of life and work, their economic conditions, as well as surprising contradictions in this hidden segment of the creative economy.'

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